work of a man so well. He fought his good fight, he finished his course, he kept faith. He has left these transitory scenes for his eternal place among the worthy.

The Chaplain of the Senate then said:

Peace, perfect peace in this dark world of sin?
The blood of Jesus whispers peace within.
Peace, perfect peace by thronging duties pressed?
To do the will of Jesus, this is rest.
Peace, perfect peace, with loved ones far away?
In Jesus keeping we are safe and they.

Peace, perfect peace, our future all unknown?
Jesus we know and He is on the throne.
Peace, perfect peace, death shadowing us and ours?
Jesus has vanquished death and all its powers.
It is enough, earth's struggles soon shall cease,
And Jesus call us to heaven's perfect peace.

O Merciful God and Heavenly Father, who hast taught us in Thy holy Word that Thou dost not willingly afflict or grieve the children of men, look with pity, we beseech Thee, upon the sorrows of these Thy servants for whom especially our prayers are desired. Remember them, O Lord, in mercy. Endue their souls with patience under this their great affliction and with resignation to Thy blessed will. Comfort them with the sense of Thy goodness. Lift up Thy countenance upon them and give them peace. Through Jesus Christ our Lord. Amen.

O Lord Jesus Christ, grant unto us Thy servants so to follow in faith where Thou hast led the way that we may at length fall asleep peacefully in Thee and awake after Thy likeness through Thy mercy, who liveth with the Father and the Holy Ghost, ever one God, world without end. Amen.

O Almighty God, who hast knit together Thine elect in one communion and fellowship in the mystical body of Thy Son, Christ our Lord, grant us grace so to follow Thy blessed saints in all virtuous and godly living that we may come to those unspeakable joys which Thou hast prepared for those who unfeignedly love Thee. Through Jesus Christ our Lord. Amen.

O Almighty God, who hast been pleased to take unto Thyself the soul of this Thy servant, we thank Thee for the noble life which has characterized all the years of his sojourn here below, and we pray that we, with all those who are departed in the true faith in Thy Holy Name, may have our perfect consummation and bliss in Thy eternal and everlasting glory. Through Jesus Christ our Lord. Amen.

O God, the God of the spirits of all flesh, in whose embrace all creatures live in whatsoever world or condition they be, we beseech Thee for him whose name and dwelling place and every need Thou only knowest. Lord, vouchsafe him light and rest, peace and refreshment, joy and consolation in Paradise, in the companionship of saints, in the presence of Christ, in the ample folds of Thy great love. Grant that his life may unfold itself in Thy sight and find sweet employment in the spacious fields of eternity. If in aught we can minister to his peace, be pleased of Thy love to let this be. And so keep us from every act which may deprive us of the sight of him as soon as our trial time is over, or mar the fullness of our joy when the end of the days hath come. Pardon, O gracious Lord and Father, whatever is amiss in this our prayer, and let Thy will be done, for our will is blind and erring, but Thine is able to do exceeding abundantly above all that we ask or think. Through Jesus Christ our Lord. Amen.

And now, Lord, support us all the day long of this troublous life until the shadows lengthen and the evening comes, and the busy world is hushed and the fever of life is over and our work is done. Then in Thy great mercy grant us a safe lodging, a holy rest, and peace at the last. Through Jesus Christ our Lord. Amen.

Unto God's gracious mercy and protection we commit you, his dear children. May the Lord bless you and keep you. May the Lord make His face to shine upon you and be gracious unto you. May the Lord lift up the light of His countenance upon you and give you His peace both now and evermore. Amen.

RECESS

The funeral ceremonies having been concluded, and the invited guests having retired from the Chamber,

Mr. FESS. Mr. President, as a further remark of respect to the memory of the deceased Senator, I move that the Senate stand in recess until to-morrow at 10 o'clock.

The motion was unanimously agreed to; and (at 3 o'clock and 10 minutes p. m.) the Senate took a recess until to-morrow, Thursday, October 31, 1929, at 10 o'clock a. m.

SENATE

THURSDAY, *October 31, 1929*

(*Legislative day of Wednesday, October 30, 1929*)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

THE JOURNAL

Mr. JONES. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of Monday, October 28, and Tuesday, October 29.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

CALL OF THE ROLL

Mr. JONES. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Gillett	Keyes	Smith
Ashurst	Glass	King	Smoot
Barkley	Glenn	McKellar	Steck
Bingham	Goff	McNary	Steiwer
Black	Gould	Norbeck	Swanson
Blaine	Greene	Norris	Thomas, Idaho
Blease	Hale	Nye	Thomas, Okla.
Borah	Harris	Oddie	Townsend
Brock	Harrison	Overman	Tydings
Brookhart	Hastings	Patterson	Vandenberg
Broussard	Hawes	Phipps	Wagner
Copeland	Hayden	Pine	Walcott
Couzens	Hebert	Pittman	Walsh, Mass.
Cutting	Heflin	Ransdell	Warren
Edge	Howell	Reed	Waterman
Fletcher	Johnson	Sheppard	Watson
Frazier	Jones	Shortridge	Wheeler
George	Kendrick	Simmons	

Mr. NORRIS. I wish to announce the absence on official business of the Senator from Arkansas [Mr. CARAWAY], the Senator from Indiana [Mr. ROBINSON], and the Senator from Montana [Mr. WALSH].

Mr. SHEPPARD. I desire to announce the necessary absence on business of the Senate of the Senator from Arkansas [Mr. ROBINSON], the Senator from Florida [Mr. TRAMMELL], the Senator from Texas [Mr. CONNALLY], the Senator from New Mexico [Mr. BRATTON], and the Senator from Washington [Mr. DILL].

Mr. NORBECK. I wish to announce that my colleague [Mr. MCMASTER] is unavoidably absent because of illness in his family. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a communication from Mary P. Van Valkenburgh, of Belleville, N. J., transmitting a paper written by her entitled "Peace," which was referred to the Committee on Foreign Relations.

The VICE PRESIDENT also laid before the Senate a paper in the nature of a memorial from Charles McAdam, of Danville, Ill., remonstrating against certain alleged acts and alleged misconduct on the part of United States District Judges James H. Wilkerson and George A. Carpenter, which was referred to the Committee on the Judiciary.

The VICE PRESIDENT also laid before the Senate a letter in the nature of a petition from Rev. John A. Wade, rector of St. John's Church, of New York, N. Y., praying in the interest of world peace that the name of the War Department be changed by eliminating the word "war," that the department having to do with the fighting forces be known as the department of national defense, and that the three proposed branches thereof be named field, naval, and air, respectively, which was referred to the Committee on Military Affairs.

AIRPLANE ACCIDENTS OF SEPTEMBER 3 AND 6, 1929 (S. DOC. NO. 36)

The VICE PRESIDENT laid before the Senate a communication from the Secretary of Commerce, reporting, in compliance with Senate Resolution 135 (agreed to October 23, 1929), relative to the causes of the airplane accident of September 6, 1929, near Millington, Tenn., and the airplane accident involving the *City of San Francisco*, which was referred to the Committee on Commerce and ordered to be printed, and, on request of Mr. MCKELLAR, to be printed in the RECORD, as follows:

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, October 26, 1929.

The UNITED STATES SENATE,
Washington, D. C.

The Department of Commerce has received Senate Resolution No. 135, dated September 30, 1929, which reads as follows:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

IN THE SENATE OF THE UNITED STATES,
September 30 (calendar day, October 23), 1929.

Whereas on the 6th day of September, 1929, one Frank Hays, an unlicensed pilot, at a field near Memphis, Tenn., was allowed and did take up in an airplane, licensed by the Department of Commerce, under license No. C-9985, and carried two passengers, Ennis M. Douglass, jr., and Ruth Greer, and that said plane fell and both passengers were killed; and

Whereas the airplane *City of San Francisco*, owned by the Transcontinental Air Transport (Inc.), while engaged in interstate air commerce, was wrecked near Mount Taylor in the State of New Mexico, September 3, 1929, resulting in the death of eight persons; and

Whereas by the act of Congress approved May 20, 1926, it is provided that it shall be the duty of the Secretary of Commerce "to investigate, record, and make public the causes of accidents in civil air navigation in the United States"; and

Whereas the Secretary of Commerce has made such investigation and recorded the same in each of the above-named cases, but refuses to make the causes of such accidents public, or to furnish copies of the record to Senators of the United States upon request, except in confidence: Therefore be it

Resolved, That the Secretary of Commerce be, and he hereby is, requested to furnish to the Senate a statement of the causes of each of the accidents referred to in this resolution as found by the department.

Attest:

(Signed) EDWIN P. THAYER,
Secretary.

The following concerns the two cases specifically referred to, and is submitted in compliance with the request contained in the resolution:

ACCIDENT OF SEPTEMBER 6, 1929, NEAR MILLINGTON, TENN.

On September 6, 1929, one Frank Hays, not licensed as a pilot by the Department of Commerce, piloted an airplane, licensed by said department in the name of Valley Air Line (Inc.), and bearing license No. C-9985. He was accompanied during the flight by two passengers whose names are given as Ennis Douglas and Ruth Greer. During the progress of the flight the airplane fell from a low altitude and crashed to earth. The passengers were killed and the pilot seriously injured.

From available information it appears that Frank Hays was, in the particular instance, flying the airplane in violation of the owner's instructions; that he was executing acrobatic maneuvers at low altitudes; and that during one such maneuver he apparently permitted the airplane to lose flying speed and was unable to regain control in time to prevent contact with the ground.

It is noted that Senate Resolution 135 includes the following statement: "Frank Hays, an unlicensed pilot * * * was allowed and did take up an airplane, licensed by the Department of Commerce." Attention is invited to the fact that no such permission was given by the department. Rather the flight by Hays was not only a violation of the air commerce regulations but also of the air commerce act.

AIRPLANE ACCIDENT INVOLVING "CITY OF SAN FRANCISCO"

On September 3, 1929, an airplane belonging to Transcontinental Air Transport (Inc.) left Albuquerque, N. Mex., at 10.20 a. m. on a scheduled flight to Glendale, Calif. At approximately 60 miles westerly from Albuquerque, at the indicated time of 11.01 a. m., on the same date, it crashed into a slope leading to Mount Taylor.

The airplane in question was licensed by the Department of Commerce in the name of Transcontinental Air Transport (Inc.), and bore license No. NC-9649. The pilot was J. E. Stowe, the copilot E. A. Dietel, both of whom were licensed as transport pilots by the department.

From available information it is obvious that the airplane encountered a severe thunderstorm in the immediate vicinity of Mount Taylor, during which it collided with the slope of the mountain, on the windward side thereof. All occupants of the airplane, including passengers and crew, were fatally involved. Therefore no direct information from any of them is available, and because it occurred in an isolated area it has not been possible to locate any eyewitnesses to the accident.

It is not possible to definitely determine the contributing factors other than has been stated in the preceding paragraph. However, three alternatives suggest themselves, as follows:

The pilot may have entered the storm area intending to fly through it and emerge into good flying conditions on the opposite side, and have miscalculated the direction and velocity of the accompanying winds; in westerly flight, he may have been unable to avoid the area and was attempting to remain under it, flying closely to the terrain and unexpectedly colliding with a rise in the slope at the place of the accident; or he may have been attempting to pass between the storm and the mountain and did not properly calculate the relative velocities of the storm and airplane.

There is no evidence that the airplane failed to function properly at any time preceding the accident.

In connection with the two cases referred to herein, as well as with the general subject of accident investigation, attention is invited to the fact that the Department of Commerce does not attempt to determine any legal responsibilities which may be involved. Rather, the investigations are for the purpose of arriving at practical conclusions, in an effort to apply remedial measures in future operations.

Respectfully submitted.

R. P. LAMONT,
Secretary of Commerce.

REPORT OF A NOMINATION

Mr. GILLETT, as in executive session, from the Committee on the Judiciary, reported the nomination of Louis Edward Graham, of Pennsylvania, to be United States attorney, western district of Pennsylvania, vice John D. Meyer, resigned, which was ordered to be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 1963) for the relief of members of the crew of the transport *Antilles;* to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 1964) for the relief of Donald M. McRae; to the Committee on Finance.

A bill (S. 1965) for the relief of Titus Leo Crane; to the Committee on Naval Affairs.

A bill (S. 1966) granting an increase of pension to Clarence S. Persons; to the Committee on Pensions.

A bill (S. 1967) for the relief of Frank W. Campbell;

A bill (S. 1968) for the relief of Joseph L. Davis;

A bill (S. 1969) for the relief of Harry Breeze Johnson; and

A bill (S. 1970) for the relief of Eugene Sullivan; to the Committee on Military Affairs.

By Mr. HARRISON:

A bill (S. 1971) for the relief of Buford E. Ellis; to the Committee on Claims.

By Mr. COUZENS:

A bill (S. 1972) granting a pension to Raymond C. Lee (with accompanying papers); to the Committee on Pensions.

By Mr. TYDINGS:

A bill (S. 1973) to amend section 4 (a) of Public Statute No. 952, Seventieth Congress, entitled "An act to enable the mothers and widows of the deceased soldiers, sailors, and marines of the American forces now interred in the cemeteries of Europe to make a pilgrimage to these cemeteries"; to the Committee on Military Affairs.

By Mr. HARRIS:

A bill (S. 1974) to provide for holiday mail service in certain cases on rural free-delivery routes; to the Committee on Post Offices and Post Roads.

By Mr. JONES (by request):

A bill (S. 1975) to create and establish a national United States educational peace commission to promote peace by means of education; to the Committee on Education and Labor.

By Mr. McKELLAR:

A bill (S. 1976) granting a pension to Thomas J. Hutchens (with accompanying papers); and

A bill (S. 1977) granting an increase of pension to Henry H. Jones (with accompanying papers); to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 1978) providing for the preparation and distribution of a pamphlet commemorating the two hundred and fiftieth anniversary of the landing of Rene Robert Cavelier Sieur de La Salle on the soil of St. Joseph County, Ind.; to the Committee on the Library.

AMENDMENT TO THE TARIFF BILL

Mr. ASHURST submitted an amendment intended to be proposed by him to House bill 2667, the tariff revision bill, which was ordered to lie on the table and to be printed.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. WATSON. Mr. President, when a man's physical energies are somewhat depleted and his nervous system is running at low ebb he probably takes a more meditative and reflective view of situations, and a less pugnacious one, than under other conditions. Being somewhat in that condition, I am viewing the situation in the Senate at this time in perhaps a more contemplative way than I otherwise might.

I can not forget that this is the Senate of the United States, and that its function is to legislate. I am not prepared to say that the Senate is incapable of functioning as the fathers designed in the Constitution and as has been its wont and its ability from the foundation of the Government up to this hour. As

long as men hold one another off at arm's length and hurl epithets they get nowhere. That course of conduct never does lead to anything but disturbance and perhaps warfare. But if men will sit down about a table and contemplate a situation in all its aspects and have the will to do the things which ought to be done a reasonable way can always be found to do them.

I speak with entire kindness for everybody, but I realize how in the give and take of debate in a parliamentary body men become aroused and perhaps view situations as they would not otherwise do. There are literally a sufficient number of Senators in this body who represent agricultural States and who realize that there must be additional rates imposed upon agricultural products coming into this country from abroad in competition with their own to pass a tariff bill. There are Senators here representing industrial States who believe that some of their industries are entitled to additional rates. They could facilitate the passage of the tariff bill. But the trouble about it is that they do not get together to accomplish the common purpose.

Nobody wants to destroy an American industry. There is not a Senator from the Northwest who deliberately would ruin an American institution or pull down a factory and turn its laboring people adrift. Nobody wants to do that. Therefore it is the sane and sensible thing for men to do to sit down around a table and reason out what are the just rates to be imposed in a measure of this kind, and then proceed to pass the bill.

It is true that the Senator from Oregon [Mr. McNARY] and I visited the President yesterday evening, not at his request but at my suggestion, and that we discussed the situation with him. It is true that the President is anxious to have a bill passed, because it is a part of his presidential program; we all know that. This session was called especially for two purposes—one the farm bill, which is behind us, and the other the enactment of tariff legislation. Whatever the President may have had in mind, Senators, the House of Representatives passed a bill and sent it over to the Senate, and the Senate had nothing to do but to consider that bill sent to it by the House by a very great majority.

Of course, this body has twice acted upon the proposition to consider the agricultural schedule alone, and twice it was decided that industrial schedules must also be considered. Therefore the sane thing to do, from my viewpoint, is to find out what schedules ought to be considered and what rates in those schedules ought to be imposed. That, of course, seems in some respects like a difficult task, but the will to do will accomplish the deed; the will to peace is essential to peace, and the will to pass a tariff act and the intent to do it is an inevitable precursor to the passage of the act itself.

I am assuming that there are Senators enough in this body on both sides who feel that there are institutions and industries in their States that really need additional protection to pass a bill. The trouble about it is we have not gone about it in a conciliatory fashion, and at the present time there is a disposition on the part of many, some of them my very closest friends, to adjourn Congress and go away without passing the tariff bill. I am compelled to go away under the advice of doctors for a little while, but if I were here I never should agree to a proposition to adjourn this Congress without passing the tariff bill.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Massachusetts?

Mr. WATSON. I yield, though I should prefer to finish my statement.

Mr. WALSH of Massachusetts. The Senator referred to the fact that, whatever the original program was, the House has passed a tariff bill, and we ought to give consideration to and pass a tariff bill. However, how can we possibly do that; how can it be done under our responsibility without a complete and full study of every single amendment made to the present law by the House, and is not that bound to take a great deal of time?

Mr. WATSON. Mr. President, of course if we are going to stand up and debate every item which comes up—and there are 21,000 items in this tariff bill—we could be here 21,000 days or 21,000 weeks; but in the give-and-take of legislation—and I have sat through a great many tariff bills—Senators on both sides, on all sides, can sit down, talk it over, and largely agree upon what can be done. Some one may suggest, "Oh, that is a star-chamber proceeding"; but, no, it is not. The result is brought out into the open; everybody has an opportunity to vote on it. It is a meeting of minds otherwise opposed on a common proposition, and where there is a meeting of minds there will be decisive action. I think that this tariff bill can be passed, and I think it ought to be passed.

There was some suggestion in the morning newspapers that the President said he would do this or do that. I very greatly regret that the dear friend of mine who wrote the article perhaps drew a little bit on his imagination in that respect. I have never at any time asked the President to tell me whether he would sign the bill or not or what he would do by way of making a concession. I do not think any President ought to be asked what attitude he assumes toward a measure pending in Congress. When, however, the bill goes to conference and approaches a finality then we may determine with the President what or what not should be left out in accordance with his desire pending a veto or facing a veto, but never before.

Senators, I can not get it out of my mind but that we could sit down, Senators from the Northwest and Senators from the East and Senators on the other side of the Chamber—because there are Senators over there who want a protective tariff bill passed—and come to a conclusion about certain rates. We must either do that, or recognize and acknowledge that the Senate of the United States is an impotent and incompetent body to legislate.

My friends, I am aware of the fact that there is something of sectional strife in this matter, but it is more apparent than real. I have talked with Senators from the Northwest. They are not nearly so hostile as some imagine. We must not forget that Senators from the East voted for the farm bill and the legislation and the appropriations to carry it into effect, and that they are ready to vote for other appropriations, if necessary, to carry out the final design of that legislation. And we must not forget that Senators from the Northwest recognize the fact that there are industries which need bolstering up in accordance with the suggestion of the President, industries lagging behind, industries that need additional protection. Nobody disputes that. Then why can we not sit down, find out what industries need additional protection and afford that protection. That to me is the sane way for a body of United States Senators, the very leaders of public thought and opinion in America to conduct themselves.

Pardon me; I am not trying to lecture anybody or to prescribe a course of conduct. I am merely expressing my inward feeling.

When men came before our committee they made statements about the conditions of their industries; they went into detail as to the number of workers who were employed, the wages paid, the production, the cost of conversion, and they gave similar data as to competing production abroad, and all that sort of thing. They thought certain rates were necessary. We then took those questions up with the representatives of the Tariff Commission, and—I may be mistaken, I may overstate it, but I do not intend to do so—my present recollection is that in nearly every instance we took the words as they fell from the lips of the representatives of the Tariff Commission as to the necessities of the situation, and not the words presented by the manufacturers or the leaders of the industries themselves. We finally had to rely upon the experts furnished by the Government, and we laid down the yardstick and attempted to fix the rates which should be imposed in order to measure the difference in the conversion cost here and in competing countries. If we were wrong, let the facts be developed.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Iowa?

Mr. WATSON. I yield to the Senator.

Mr. BROOKHART. The proposition just stated by the Senator is one that has given me more trouble than any other. As I understand, the chairman of the Finance Committee admitted that in considering the rates the committee did not have before it the mass producers, as he described them, and the committee got no estimate of production costs from them. The trouble with us in the Northwest is that, while we are willing to protect every legitimate industry, we are not willing to protect $80,000,000 in profits a quarter for the United States Steel Co. That is one of the causes of our trouble—the excess profits piled up under tariff laws. The United States Steel Co. and other large manufacturers did not come before the committee and did not state their costs or anything of that kind. It seems to me that is the line of division on which the Northwest and the South are united in this instance. It is not merely the people of the West who are suffering; the farmers of the East are suffering, just as the farmers of the West are, and the situation deserves attention in their behalf.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from North Dakota?

Mr. WATSON. I yield.

Mr. NORBECK. I challenge the statement of the Senator from Iowa that agriculture is depressed in the East to any such extent as it is in the West.

Mr. BROOKHART. Perhaps it is not depressed in equal degree, but in August I saw hundreds of abandoned farms in northern New York and some over in Vermont, and those were in the dairy districts, which are supposed to be the most prosperous of all the agricultural industries.

Mr. NORBECK. Mr. President, the Senator is no doubt aware of the Industrial Conference Board report, and gives credence to their statement, which shows that during the time the farmers in the Northwest took an average deflation of more than 60 per cent the New England farmer gained a little. His market is a limited market, and he has the same large increase in cost of production, but he was able to ask a high price and to get it, while the farmer in the Northwest was not.

Mr. BROOKHART. I think the Senator is about right as to that; but, notwithstanding that, the dairy farmer of New England is not prosperous. Perhaps he is not as badly off in every regard as is the dairy farmer in Iowa, but I think there is not much difference.

Mr. WATSON. Mr. President, I should like to be permitted now to say just a few words more, if the Senate will indulge me.

The VICE PRESIDENT. The Senator from Indiana declines to yield further.

Mr. WATSON. The passage of a tariff bill is always filled with complexities because it reaches every business institution and goes practically into every township in America, as it relates to either agriculture or manufacturing or mining. Therefore, naturally everybody is interested, but I beg my friends, those on the other side and those behind me, to remember that, after all, this is really a protective tariff country; protection has been its economic policy during practically all the history of America. While I do not claim that was the sole issue in the last campaign—it would be folly to make such a statement as that—nevertheless the tariff entered into it. Everybody who supported Mr. Hoover on the stump talked it. A majority was given to him, and the President has made known his views in accordance with the platform. The President is for the passage of a tariff bill; the House of Representatives already has passed a tariff bill, and those of us who were on the Finance Committee here in the Senate formulated for the Senate the bill which is now under consideration here. It is to me unthinkable that some sort of tariff bill will not eventuate from this situation in which we find ourselves.

As a Senator of long experience, one who has in view finally the good of the country rather than the good of any party, I plead with my associates to get together in the spirit of conciliation and not hostility, and finally pass a tariff bill, which I hope will result to the benefit of all character of industry in America.

Mr. JOHNSON. Mr. President, I am sure that the Senate will pardon me for speaking just a moment in a personal vein.

As one of those who has served fairly long I wish to express to the Senator from Indiana my very deep regret that he is compelled by physical necessity to leave the Chamber, as we all know he is compelled to do, and to express to him my hope that within a very brief time he will return to us wholly restored in health.

I am not going to discuss now the question presented; later in the day, if it shall become pertinent, I may do so; but yesterday, sir, there was etched upon my memory with a cameolike distinctness a scene here that never shall I forget. And as one who has served here now for many years, one who has known the Senator from Indiana for a quarter of a century, one who knows his present physical condition, I wish him Godspeed in the endeavor to regain his health. I trust he will return to us the same old JIM WATSON that he was in the past, and that he may be with us for many, many years in the future. [Applause on both sides of the Chamber.]

Mr. HARRISON. Mr. President, the remarks of the Senator from Indiana are quite timely; and I am very glad that he has set at rest the false impression that might have been created upon the public mind by news articles appearing in this morning's papers. I am glad that he had his conference with President Hoover. But I am sorry that he was unable to extract from the President some expression as to his views touching this particular tariff bill.

There has been a lot of talk during the last two days as to the wise policy for the Senate to pursue in view of the confusion brought about by this tariff controversy. Some of the Republican leaders, it is quite true, have initiated a movement to have Congress adjourn now; others at a later date. Still others think that we should go ahead and fight it out. But in view of what the leader of the Republican majority in the Senate says now respecting the President's position that a tariff bill ought to be passed during this session of Congress, there is but one thing left for the Senate to do: We ought to drive through; we ought to do it expeditiously, offer amendments, debate for a reasonable time those that should be debated, vote on them as quickly as possible, frame our tariff legislation here, and let the matter go to conference.

I do not agree with the Senator from Indiana when he says that the President should not take a hand now, but should wait until we get into conference on this tariff bill. I am not enamored of the idea of a President trying to whip Congress into line; but when the President calls the Congress into extraordinary session to revise the tariff, and his own party divide as they have divided on this, each wing of the party conscientious in their convictions, I say that as the leader of the party the President ought to express himself and take sides as between the opposing factions of his party; and certainly if he is going to do it when the bill gets into conference, there is no reason for his not doing it at this particular time.

We are here every day from 10 o'clock in the morning until 6 o'clock in the evening, working as I have never seen the Senate work before, in the consideration of this tariff bill. Certainly it is enough to kill Senators; and if we are fighting about a vain proposition, if it is a fruitless effort, if the matter is going to be strangled and our fight lost in conference through Executive interference, then why not know now and adopt a policy that will save needless work and worry.

That is my idea about it; but the Senator from Indiana has expressed himself, fresh from a conference with the President, and he says that the President wants a tariff bill passed. The Senator from Indiana wants a tariff bill passed. Those of us who disagree with the recommendations of these gentlemen of the majority of the Finance Committee, handed to us in the tariff bill which we are considering, must express our views in the form of amendments and put them through here—the quicker the better.

So it seems to me that the policy from now on should be for us to offer amendments that we think will help the bill, that will carry out our ideas of tariff legislation, and vote on them after they have been discussed for a reasonable time; that no obstacles should be thrown in the way, that no delay should be fostered, and we should submit to the President some kind of a bill; and then he can assume the responsibility of deciding whether or not it meets with his wishes and campaign pledges.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield to the Senator.

Mr. BARKLEY. The Senator from Indiana, for whom I entertain an affectionate regard, during the course of his remarks suggested that representatives of the divergent groups here on the floor of the Senate get off into a conference and agree on what rates ought to be maintained and what ought not to be, and bring back the result of their labors here and put it through.

I do not suppose the Senator from Indiana intended to convey the impression that he thought that any group of men here on the floor of the Senate ought to go out into secret session and bring back the result of their deliberations and expect the Senate to adopt it without consideration or debate. Does the Senator from Mississippi believe that such a course pursued by representatives of the divergent views on the pending bill would result in expedition or in worse confusion? Is there any way in which the Senate can perform its functions except deliberately to debate each amendment as it is offered, and consider it here around our own table on the floor of the Senate?

Mr. HARRISON. There is none whatever. We are following the only logical course. It may be that we could save a few moments of time; but, so far as the minority are concerned, we have never attempted to delay the bill. We want to expedite it, and we are going to cooperate to that end.

One word more, Mr. President, and I shall have finished:

The Senator from Indiana [Mr. WATSON] is one of the most beloved Senators in this body. I know that the Senator from California [Mr. JOHNSON] has voiced the unanimous sentiment of this body when he wishes him a quick restoration to full health. I served with the Senator from Indiana in the House. I have served with him in the Senate. I sat by his side through the hot months of this summer, listening to witnesses from early morn sometimes to late at night. I know that he has worked hard. I know that he has worked himself almost into a frazzle on this bill. He is taking the right course to go to some place for complete rest. He says he is going on an automobile trip down through the sunny South—one of the best places in the world to go. I hope, when he shall have finished his journey through Florida, that he will go to God's real country, over amongst the magnolias of Mississippi, where the breezes are a

little softer and the sun shines a bit brighter, and he can have a better time than anywhere else in the world; and I promise him that if he will go there he will soon be restored. Yes; I should like to get rid of the Senator from Utah, too [laughter], and let him go down there, so that he will get the same benefit.

So I wish the genial Senator from Indiana, also, Godspeed and restoration to health.

Mr. HEFLIN. Mr. President, I listened to the suggestion of the Senator from Indiana [Mr. WATSON]. It seems to me it is going to be impossible to finish this bill by December 1. I do not think there is a Senator here now who thinks that can be done.

I suggest that the Senate get right down to the schedules before us and get along with them as rapidly as possible until the 15th of November, and at that time adjourn this extra session of Congress and let the Members have two weeks in which to rest; and during that time let the leaders on the other side and the leaders on this side see if they can not agree on a great many of these schedules and report to us early in December, and then take up the bill again and finish it by Christmas.

Senators know that not a very great deal is done in the first two or three weeks before Christmas at a general session. By having this two weeks' rest and coming back here fresh, with this other work having been carried on by the leaders on this side and the leaders on the other side, I believe that we would be able to finish the bill by Christmas.

I make that suggestion to the Senate.

Mr. BORAH. Mr. President, the expressions of the Senators from California and Mississippi with reference to the feeling which we entertain toward the Senator from Indiana [Mr. WATSON] will be agreed to by all.

Mr. President, there is an issue involved in this situation which is more important than the convenience or health of any Senator or Senators, and there is no way to settle it except by open discussion and frank consideration of the different issues presented here in this body.

I should be one of the first to expedite the consideration of the bill by such limitation of debate as it is possible for us to impose, and certainly by excluding all unnecessary discussion; but the great issue which is involved—that of restoring agriculture to equality with the other industries of the country—is one that can be settled nowhere except in the open discussion here in the Senate.

Certainly there is no use in talking about not passing a bill. When we come to the final vote, if there are enough votes here to defeat the bill, that is one thing; but to abandon legislation, to surrender, to refuse to legislate is unthinkable; and those Senators who have announced that the bill is now dead and that solid delegations from States are ready to kill it, in my judgment are mistaking the situation. This bill is not dead. It is in the making, it is in the formation, and the issue which is presented by the bill will not, in my opinion, be killed in this Chamber when the final vote comes.

We went into the last campaign, Mr. President, with our eyes open to the situation. We understood perfectly the issue which was presented to the voters of this country. We were clear and unmistakable in our assertions in the campaign. We have only here to follow out, to conclude, and to put into form the pledges which we made to the American people; and the Senate should never adjourn for holiday or for rest until that job is completed, and can not do so without compromising its own standing before the people of this country.

The farmers have waited for 10 long years. Thousands of them have left their homes. Thousands of them have forfeited their farms. For us now, out of a consideration of mere convenience to our health or to our welfare, physically speaking, to abandon this job, would be to abandon, as a matter of fact, our right to a seat in the Senate of the United States.

Mr. President, I have only one thing to say and that is that in my judgment there will be no abandonment of this bill until it is finally passed up to the President of the United States.

Mr. SIMMONS. Mr. President, I do not think it is necessary or expedient at this time to discuss the question of whether or not we are going to abandon this bill. I do not believe that there is any serious purpose, except on the part of a very few Senators, to abandon the consideration of the bill.

I agree entirely with the Senator from Idaho [Mr. BORAH]. We have been called here to accomplish a purpose, to perform a duty, and, however arduous it may be, however trying upon us, we are bound by every obligation to our constituents to follow this bill to its enactment or defeat.

On yesterday I took that position, before I had heard from the President or from the Senator from Indiana [Mr. WATSON]. I felt that nothing the President might say, if he was willing to commit himself with respect to his ultimate purpose regarding this bill, would justify us in abandoning it, either here or in conference, and I feel that way about it to-day.

I do not agree with my colleague from Mississippi [Mr. HARRISON] that the President is under any obligation to the country to express his position upon this question. On the contrary, I feel that the President should not interfere with legislation, either in the Houses of Congress or in conference. I do not agree that it is any more his duty or any more his privilege to interfere with the action of the conferees of the two Houses on their disagreeing votes than it is his right and privilege to interfere with the action of the two Houses when they are considering legislation which must ultimately have his approval if it is to become effective.

I do not wish to see the day when one of the coordinate branches of the Government will feel justified in attempting to bring pressure and influence upon another coordinate branch of the Government. I am glad to observe that the President has not seen fit to make any expression with regard to the matter in the present instance.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. SIMMONS. I yield.

Mr. HARRISON. The Senator from North Carolina will recall that when the farm bill was before the Senate the President thought it wise to express his opposition to the debenture plan. The Senator will recall that when the flexible provision fight was on, the President expressed himself in regard to the matter, and that in the cruiser fight on the floor, after the President had been elected, but before he took his seat, he expressed himself with reference to that matter.

Mr. SIMMONS. Mr. President, I know that, and I regret it. I think it is a bad practice, and I do not think it ought to be encouraged by the Congress or by Members of the Congress.

It was not about that, however, I desired to take the floor. The Senator from Indiana [Mr. WATSON] has, in his adroit way, made a proposition with respect to the pending legislation. He has virtually proposed to the different groups in this body that they should get together, talk over their differences, and see if they can not reach a compromise with respect to this bill. I think this legislation has proceeded entirely too far to expect any results from a conference of that sort. The time when there ought to have been a conference among the different groups in this body was when the bill was in committee, and in the rewriting by the committee.

There are two or three separate groups in this body. The country knows that. Every Member of the body knows it. They entertain, with respect to many things, diverse views. If the Finance Committee had been made up, as it should have been made up, of representatives of each one of these groups, and if the Finance Committee, after the hearings on the tariff bill, had met with the representatives of each of these groups present and proceeded to revise and amend the House bill, then we might have gotten together.

When there was pending before this body the motion of the Senator from Oklahoma [Mr. THOMAS] to recommit the bill, I said that if that motion prevailed, I intended to offer a resolution in this body providing that in the future consideration of the bill by the committee every member of the committee, whether belonging to the majority or the minority, could be present at the meetings, and have an opportunity to participate in such meetings.

I know our present method is in accordance with long practice, but I think the time has arrived in the Senate of the United States when the vicious practice of the majority segregating itself from the minority and in private, secret session framing or amending a tariff bill should be abandoned.

There were long periods in our history when there were but two parties in this country, when the line of political cleavage was marked by this aisle here. That condition no longer exists.

It might be said that on this side of the Chamber, upon many questions, especially upon this great question of the tariff, there is not unanimity of thought, just as on the other side of the Chamber there is not unanimity of thought, not only upon the tariff but upon many other vital questions of importance to the people of the United States. The time has come when each of these groups should have representation upon the big committees, and the trouble we are in here to-day is by reason of the fact that one of the most important groups in this body had no representation upon the Finance Committee, and all belonging to this side of the Chamber were excluded from participation.

If these groups had had representation on the committee, if each member of the committee had been entitled to participate in the rewriting of the pending bill, it would not have been necessary for the Senator from Indiana to propose a compromise arrangement through bringing these groups together at this late

hour, after we have spent months, and after we have made the progress we have made in the consideration of this bill.

Mr. President, it is too late to tell us we must get together now and compromise our differences. Our differences can not now be compromised. Two of the things we have done with respect to the bill up to this time are things of great import to the people of this country, the action on the flexible provision and the action on the debenture, one guaranteeing to the people of this country, as far as we can in this body do so, the right to control the purse strings and the taxing power of this Nation as against any ambitious designs in other directions to usurp power; the other the necessary corollary, in order to make effective these hitherto ineffective rates which have been imposed and will be imposed upon agricultural products.

I do not think the debenture was of much importance in connection with the farm-relief measure, but with respect to the tariff bill, it has a function that is vital, the function of making alive these dead and useless rates on agricultural products. We can never compromise those two questions. This side and our allies on the other side can never compromise those two questions. And there are other questions that can not be compromised.

We are in favor of farm relief through the tariff. We can secure that only by putting rates upon agricultural products, and then by bulwarking and supporting those rates by the debenture plan. But even if we secure high rates on agricultural products, and have the debenture to make them effective, yet if the high peak rates of tariff protection provided in this bill on manufactured products are to obtain, then all of our planning and all of our efforts in behalf of agriculture will be nullified and offset, and instead of a bill in the interest of agriculture, we shall have a bill that will be the most serious blow that great industry of this country has ever received.

It is necessary, therefore, if we are to accomplish anything for agriculture through this bill, that we shall pull down these proposed high industrial rates. We know and the Senator from Indiana should know that the industrial East is not going to submit without protest to a reduction of the rates which have been demanded by it from the Ways and Means Committee of the House and the Finance Committee of the Senate. The Senate Finance Committee dealt, relatively speaking, with but few things that are found in the House bill.

The Senator from Indiana said that the commodities embraced in all of the different items and paragraphs were carefully studied and analyzed and the cost of production here and abroad ascertained before the rates were written and before the committee acted.

Mr. President, if anyone will take the House hearings and the Senate hearings upon the 21,000 items about which he speaks, although about only 4,000 or 5,000 of them are of any importance whatsoever—but, taking the several thousand vital and important items in the bill, it will be seen that very little was said about the cost of production here and abroad. Something was said sometimes about labor on the part of witnesses who appeared, but when they spoke about labor abroad they always spoke in general terms, and they always were speaking, as everybody knew, without authority when they claimed the labor costs here were so much in excess of these costs elsewhere.

There is nothing to show that there was any very serious effort to find out what was the difference in the cost of production here and abroad. In fact, it has been declared by some of the leading advocates of the bill, especially by the Senator from Pennsylvania [Mr. REED], that the cost-of-production theory has totally broken down and was incapable of application, because the cost of production abroad could not be ascertained. The bill was not framed on the cost of production theory. Of the more than 20,000 rates in the bill upon which the House acted, enormously increasing them as a general rule, both as to agriculture and as to other industries, the Senate Finance Committee dealt with probably less than one-third of them. Those rates stand right where the House put them, and the country knows that the House bill is reeking with sectional discrimination, is reeking with industrial discrimination, is framed in the interest of manufacturing and industrial interests of the United States and with very little regard to American agriculture. We are engaged in the work of repairing that wrong to agriculture, and we can not do it by just giving high rates to agriculture.

We can only do justice to agriculture in the bill by giving it just rates and then bringing the rates on the things that the farmer buys down to the same level. That is the only way we can do justice to the farmer. To pass the bill as it is with any little tinkering and compromise arrangement that does not go to the vitals of the matter and does not present to the Senate the real wrong and injustice and iniquity of some of the rates bearing down so heavily upon agriculture would be to trifle with the farmer and to trifle with the country. Let us go ahead like men. If it takes until the last day of this session or if it takes until the last day of the next session, let us finish with the bill and send it to conference. Let us make the fight to put it into conference and then fight to the death in conference. If the House or the President, one or both, finally prevails, let the country understand that everything has been done that could be done to make the tariff laws of the country just and equitable to every section and to every class of people, and that the responsibility for the defeat of that effort rests with the administration and the other branch of Congress.

Mr. NORBECK. Mr. President, I was much impressed with the remarks of the Republican leader, the Senator from Indiana [Mr. WATSON]. Every Member of this body deeply regrets that the burden that he has been carrying has been beyond his strength and that it becomes necessary for him now to seek a much-needed rest.

I listened with much interest to his plea for Republican harmony, and he has a right to speak in that vein, for he has endeavored on many occasions to harmonize the different groups. He is one of the few Senators here who seems to understand the problems both of the industrial section and those of agriculture. At one time he joined with the northwestern Senators in the fight for agricultural equality. He made it possible that substantial farm legislation was passed by this body. It was not his fault that it failed to become a law. He did not give up this fight until the Kansas City convention turned a cold shoulder to the farmer. The so-called farm group lost out at Kansas City; they were told to "go to the dickens," and they had no other place to go.

The eastern Republicans had forgotten that for half a century the Northwest, the Northeast, as well as the East and the West had had a common sentiment and a common purpose. They considered their interests mutual. The prosperity of one meant the prosperity of the other. There was a time not so many years ago that the Senate leadership of the Republican Party had a national scope and a national interest. They desired to deal fairly with all sections of the country. During the last decade selfishness, for some reason, has come to the surface like it never has before. The strong take all they can; that leaves very little for the weak. The majority believe that might is right, and they forget that the Constitution aims to protect the minority, also.

The Senator from Indiana has not an attitude of mind unfriendly to the Northwest, and if there were more like him there would be more harmony in the Republican Party. But I do not share his view, that this tariff bill is important to agriculture, nor do I share his view, that this Senate is responsible for the delay in handling the tariff bill. This Senate went on record during the last Congress in favor of reduced tariffs by passing the McMaster resolution.

The Finance Committee had full knowledge of the sentiment of this body. President Hoover advised a limited tariff, but the Finance Committee, or rather a majority of them, ignored the expressions of the Senate, and they ignored the recommendations of the President. The committee was controlled by the prosperous and selfish manufacturing interests who had an uncontrollable desire for greater profits; they reflected the sentiment of a very few small sections of the country. They insist that their voice is the voice of the Republican Party, and we who refuse to follow are disloyal. I am not surprised at their attitude. They have had their own way so long they can not tolerate any opposition. They believe there is no viewpoint except their own. They believe they have an inherent right to levy additional taxes upon agriculture in order that larger dividends may be paid in Pennsylvania and Connecticut. It is easy to understand why they have this attitude. They were so successful in the Republican convention at Kansas City and they were not without influence in the Democratic Party. The November election went exactly as they decided it. They thought their orders were mandates from heaven.

When the farm bill was up, the interest of the depressed agricultural sections was entirely ignored. The farm bill given us was one that the industrial sections tried to force upon us three years ago and failed, but they were successful in getting through a farm bill this summer that was exactly suited to the political philosophy of the Eastern States and New England. This law, enacted for the "relief of the farmer," declares in effect that he shall buy his goods in the high-priced American market, but sell his staple products at prices that prevail in the world market. By the very nature of the law equality is denied him. The Senator from Indiana says that the eastern Senators voted for the farm bill, as though that ought to make an appeal to us. Why, Mr. President, that is one of our complaints!

The industrial section feels that those from the agricultural section should not have a voice in the tariff bill. (Note Mr.

Grundy's testimony at the hearing.) By the same logic, the industrial section should have no voice in the farm bill, but they took the unfair position that the agricultural States should have no voice in either.

I know there are eastern Senators who disagree with me and they insist that there is much protection for agriculture in this very tariff bill about which we are complaining. A day does not pass by but what some one is pleading for the passage of this bill in the name of agriculture.

It reminds me that during the war, every scheme, good and bad, was promoted in the name of patriotism. To-day we find that when anyone is asking for a special privilege, that will be a profit to him and a penalty to others, he pleads that it is in the name of agricultural welfare.

The well-known lobbyist from Pennsylvania, Mr. Grundy, has the last few days expressed himself very clearly before the investigating committee. He takes the position that the dollar should be the measure of influence. He even criticizes the Northwestern States because they do not pay enough Federal taxes. Our agriculture has well-nigh been ruined for the benefit of this industrial section. Now they complain because we do not produce great values and make sufficient profits to pay income taxes. They feel that is sufficient reason for robbing us some more.

But I want to get back to the increased duties on agriculture in the pending tariff bill. I will admit that the McCumber Act of seven years ago relieved certain branches of agriculture in a substantial way by reducing the importations of livestock, dairy, and poultry products from foreign countries. It was helpful to those farmers who were engaged in these particular lines. The sugar tariff was especially helpful to the limited number of farmers who are producing sugar beets. The sheep industry, which is a comparatively small one, was very much helped by this tariff measure, but, Mr. President, it did not reach out to the American farmer as a whole. His inequality has continued through these 10 years down to the present day. Our Department of Agriculture has reported, not only annually but monthly, on the disparity of the purchasing power of the farmer's dollar.

Now the Pennsylvania propagandists are trying to make a real appeal to the Northwest farmer by telling him that our agricultural imports are large and that the American farmer, instead of the foreigner, is entitled to this. The argument sounds good. We are told that these agricultural imports amount to nearly $2,500,000,000, but they are always careful to use the expression "agricultural products"; they do not say "farm products," because the figures would be less impressive.

Included in these agricultural products are several hundred million dollars' worth of forest products—lumber, shingles, and the like. These are not produced by the farmer. Why mislead him? It is often more misleading to tell a half truth than to tell a falsehood.

Agricultural imports are well classified on page 1016, Agricultural Yearbook, 1928. They come under three heads, as follows:

Forest products	$215,766,000
Vegetable products	1,455,656,000
Animals and animal products	736,748,000
Total	2,408,170,000

When we go further we find the largest single item of imported "Vegetable products" is the tropical product, rubber, to the value of $312,300,000.

The second item does not interest the Mississippi Valley nor the producers on either coast. It is coffee, valued at very near $300,000,000.

And the third largest item is classified as sugar, molasses, and sirups, $245,538,000.

The total of these three items in round numbers is $857,000,000.

So we find that our billion and a half of vegetable imports have dwindled about 70 per cent.

It is true that sugar is an agricultural product, but the 48 States produce less than one-fifth of our domestic consumption. It is going to be a slow process to build up a substantial production of sugar in this country. I voted for the sugar tariff. I believe in it. But I do not want to hold out the hope to the farmer that even an increase in the sugar tariff is going to reach a very large number of them. A tariff on molasses would be helpful, as it comes in competition with certain other products.

But I am not yet through with the list known as "vegetable products," which the farmer is invited to produce instead of buying from the foreigners. The most important item is fruit, valued at $54,504,000; mostly tropical fruits, and bananas constitute 62 per cent of the total. It is of no interest to any of our producers.

Chocolate and cocoa importations are still larger, and valued at $57,397,000, and we must buy these products from foreign lands whether we have high tariff or low tariff on agricultural products. We find, in fact, that most of the vegetable products imported are such that the American farmer can not produce them in competition with other lands. Generally the climate forbids it.

But you maybe think I have forgotten the third class, the class known as animals and animal products. I have not forgotten it at all, and the figures are large, about $737,000,000, nearly three-quarters of a billion dollars.

Why not give this market to the American farmer? That is an appeal that has been sent out through the daily papers and through the farm journals, through the propaganda emanating from Pennsylvania—to give the farmer a chance to produce these animal products. But what do we find when we look into it? We find the largest item is unmanufactured silk, to the amount of $383,214,000, and that this constitutes more than one-half the value of imported animal products.

The silk worm is an animal, even though our farmers were of the impression that animal products had reference to cattle, sheep, and hogs. We were mistaken.

But what is the next largest item in this list? It is hides and skins, over $146,000,000. Yes; we have heard a great deal here about the importance of producing additional hides. The farmer is told that he should produce these for the American market; they should not come from foreign lands. Those who talk so glibly and know so little are unmindful of the fact that the hide is not a product but a by-product. The farmer must raise the animal first before there is a hide. He has been producing all the animals that the American market would absorb; he has produced them at a loss throughout most of these last 10 years. It is only lately that a fair price for meat animals has prevailed, and that, we are told, is due to a shortage of supply here and in other lands.

But we continue to import nearly half the hides we use, about 40 per cent. Our country seems unable to produce enough hides to shoe our own people. We are depending so largely on foreign countries. It proves one sad thing, namely, that a good share of the world must go barefooted, but it also proves that we must continue to depend on importations and that there is no farm relief in producing additional hides, even though the duty is increased, according to this bill, so the farmer will get 50 or 60 cents additional for the cow or the steer, because of its more valuable hide, assuming that the packer recognizes this and actually pays the farmer the extra value. The farmer is asked to forget that the 20 per cent increase in the price of shoes will probably add a dollar a pair to same.

The next largest item under animal products comes under the head of wool and mohair, $79,451,000.

This item looks attractive until we examine it closely and find that a great part of it is a coarse material, and some of it is hair rather than wool, clipped from alpaca, cashmere, angora goats, and the like, of which only a small amount is produced in this country. There is, however, a substantial amount of wool imported, and it is quite logical to say that it should be produced in this country if it can be produced at a profit. We must admit that for the last seven years under the present tariff law, wool has been produced at a profit, notwithstanding the depression at the present time, due to Australian overproduction.

The farmer who produces wool has for a number of years been able to sell it at an advance over the world price, while the wheat farmer has not. He sells his wheat at world price, less transportation charges—a large item. He who keeps sheep and produces wool is like the dairyman; he has for several years been getting some wages for his work.

We will find it just as impossible to produce all our wool as all our hides. Wool is also a by-product. We can increase our sheep population only a limited extent before we depress the price of mutton and other meats. I have gone over this matter carefully with the experts in the Department of Agriculture and I have come to the conclusion that when we increase the number of our sheep by 15, 16, or 18 per cent, the profitable limit has been reached. Therefore it is impossible for the American farmer to provide the American market with its demand for wool; part of it must be imported.

FARM PRODUCTS

To those who believe that an increase in tariff rates can substantially increase the value of our farm products, I submit the following facts:

First. That the total value of our agricultural products, listed in over 40 classifications and exclusive of animal products, in 1928 was $9,726,822,000.

Seventy per cent of this total falls within six classifications, which constitute our six largest agricultural productions.

1. Corn	$2,341,000,000
2. Cotton products	1,526,000,000
3. Hay	1,182,000,000
4. Wheat	900,000,000
5. Oats	597,000,000
6. Forest products, lumber, etc	311,000,000
Total	6,857,000,000

It will be noted that an increase in the tariff rates on these six items will have no important effect on the farmer's income.

The market for corn belongs to him. Only 1 bushel out of 900 is imported. The present duty is 25 cents per bushel. No one contends that a tariff on cotton will help any. Two-thirds of our crop constitutes an exportable surplus. Hay is consumed in the locality where it is produced. The wheat tariff, often referred to, is considerable of a joke. This year the wheat prices in Canada ranged much higher than in the United States. Hardly any oats are imported; and forest products should not be in the list—the farmer does not produce them.

As to the other 35 classes, constituting about 30 per cent of the farm products, many are beyond the tariff to help. Some items are very small, like spelt, popcorn, pecans, cranberries, hemp; but there are the large items also beyond the ability of the tariff to reach, like greenhouse products, $76,000,000, and farm-garden products, $303,000,000. Oranges constitute $142,000,000, but are well protected now.

ANIMAL PRODUCTS

The theory that a tariff increase will be helpful to agriculture is equally disappointing as applied to animal products, of which the 1928 total value was $6,154,884,000; the three largest items constituting two-thirds of the value. They are as follows:

1. Milk	$2,061,464,000
2. Hogs	1,387,122,000
3. Cattle and calves	1,137,176,000
Total	4,585,762,000

Milk carries quite a satisfactory duty now. The tariff on hogs is ineffective, for we frequently have an exportable surplus. The cattle production has been fairly well protected for seven years; but the tariff has been ineffective until the shortage of supply developed in the last two years.

The other third is made up of several items, some of which are well protected now and some of which we have an exportable surplus, like mules, and no one contends the tariff to be effective in that case.

THE AGRICULTURAL SCHEDULES IN THE PRESENT BILL

Here we have a bill about an inch thick, less than a twentieth part of which is devoted to agriculture, and even in this list we find several pages devoted to fish—salmon, cod, haddock, hoke, pollock, and so forth. Then comes herring, mackerel, crab, and caviar—many names strange to our farmers. When we leave out the fish schedule we come across items like cereal breakfast foods, biscuits, and wafers—articles which are not produced on the farm, but which are the products of factories demanding protection in order that they may charge the American consumer higher prices. These we find in the agricultural schedules. Among the items listed we find apricots, berries, cherries, oranges, figs, dates, olives, and so forth.

The farmer is protected by a tariff of 5 cents per gallon on cider and 6 cents on vinegar, just as though the farmer was furnishing these products for the market. They are carried in the agricultural schedules. No doubt the tariff on vinegar has been sought by the manufacturer.

In this list of agricultural schedules we find other items also, which the farmer will not understand, like reindeer meat. I want to be fair. The products of my State are generally on the protected list, starting with wheat at the high but ineffective rate of 42 cents a bushel. The tariff on corn is the same as before. We find oats, both hulled and unhulled, as well as macaroni and noodles, paddy rice, screenings and chaff, peanuts, coconuts, and cream of Brazil nuts—all in the name of agricultural welfare. Neither has the prohibition law been overlooked—the tariff on hops is still to remain at 24 cents a pound.

The agricultural schedule reaches out its protective arms in such matters as the farmer is deeply interested—ginger roots, turnips, hay, and straw, and such other products as are supposed to come from an American farm—eggplant, canary seed, cocoa and chocolate, and Bombay mace, spices, mixed and unmixed, dandelion roots, and coffee substitutes.

The fact of the matter is that in the several thousand items found in this bill it is difficult, indeed, to find a half dozen that will be of substantial value to the American farmer, but no one can deny that the proposed increase in the industrial schedules will put an additional tax upon all consumers, including the farmer.

I do not want to be critical of the Finance Committee as to that part of the bill which is intended to help agriculture, even if they reduced the rate on unscoured wool and increased that of pig iron, for in the main the agricultural rates are fair. Our complaint is against the industrial rates.

The real difficulty is that this country continues to have a large agricultural surplus. This is not a recent development. There has been no substantial increase the last dozen years—not enough to keep pace with the increase in population. We always will have the exportable surplus and the world needs it. It needs our cotton and it needs our wheat. The farmer's difficulty is due entirely to the increased cost in production. The factory was permitted to add its increased cost to the price of the goods; that privilege was denied the farmer.

The thought back of farm legislation is plainly that the American manufacturer is entitled to sell his goods in the American market at an American price—cost of production plus a profit—but that the farmer must sell the major part of his products at world prices.

The tariff does not lend itself easily to helping the American farmer. It is ineffective as to his major products, because there is an exportable surplus. A few lines are well protected at the present time—like wool, olives, and so forth; but the farmer finds himself unable to meet the demands of the American market—for climatic and other reasons.

And again, a great deal of the farmer's products are not in commerce. Hay is fed at home, so is most of the corn. The products of the farm garden go to the farmer's kitchen and they are a large part of our total farm products.

A few minor lines are so well protected now that there is danger of oversupplying the market and losing the benefit of the tariff, as is the case with dairy products.

Take it all in all, the farmer has much to lose and little to gain if this bill, as reported by the committee, should become a law.

If amendments can be secured in the Senate to make the industrial rates reasonable, there may be justification for the Senators from the farm States in supporting the measure. That will be the case if the debenture feature is retained. From the agricultural standpoint this is the one important item in the bill.

Mr. COPELAND. Mr. President, I share with my colleagues the love and esteem we have for the Senator from Indiana [Mr. WATSON]. I pray that he may be restored to health and come back in full vigor.

But if it is the purpose of the discussion this morning to hasten action on the tariff bill, in the hope and expectation that it will be disposed of at this special session, I am sure it is a hope which is bound to fail.

I come from a State which stands eighth in agriculture, but, beyond that, it is the greatest industrial State. We have before us a tariff bill which is of great concern to New York. Had the committee brought here a bill confined to agriculture, and providing for the very limited revision originally in the mind of the President, we might have disposed of it in a short time. But, Mr. President, if we are to have a general revision of the tariff act—and that is what is proposed—we shall be here for months giving it consideration. There is no use of our fooling ourselves or attempting to fool the country. It is utterly impossible, as I see it, that there shall be final action on the bill for months to come.

There has been brought in an amendment to the bill relating to oil; and I have this great batch of letters and telegrams, hundreds of them [exhibiting], from industries in my State protesting against the amendment. These communications are from laundries, from soap makers, from dyeing establishments; and it is not to be expected that this one amendment can be disposed of until the whole question shall have been presented to the Senate, so that the Senate may make a wise decision.

Mr. President, I do not want to throw any cold water on the hope that we may have an early adjournment, and hundreds of citizens of my State are demanding an early adjournment. They are disgusted because Congress does not adjourn, but we are faced by the fact that if we are to deal with the multitude of subjects included in this general tariff-revision measure it will take weeks and months of the time of the Senate. We might just as well face the matter as it is.

Mr. FLETCHER. Mr. President, I am very sorry that the Senator from Indiana [Mr. WATSON], because of his hard work here and on account of his health, is obliged to leave Washington and to seek a rest. I am satisfied that the sunshine and orange juice of Florida will restore him. I hope he will enjoy his trip, and I trust that he will soon be back to resume his duties in the Senate. He is not indulging in that pastime about Washington of "passing the buck" when he leaves us with the suggestion that we get together on this bill.

Mr. President, with regard to action on the pending bill, I have quite varying feelings about it at different times. We have

heard here for some time past that the whole question of legislation on the tariff ought to be left entirely to Congress. Over and over again we have been lectured, and those of us who feel that perhaps the President had something to say about it have been told we were advocating and favoring a course that would lead to oppression and to a violation of the very principles of our Government.

We have been warned, advised, and directed to insist that the President has nothing to do with passing tariff legislation. Of course, that proposition overlooks the very fundamental principle contained in the Constitution that the President does have to do not only with tariff legislation but with all legislation. His duty under the Constitution is either to approve or disapprove of any legislation Congress may pass. We can not take that power away from him; we can not limit it. Congress can pass legislation without any suggestion from the President, one way or the other, but the proposed legislation goes finally to the President. So it seems to me it is not very far wrong to concede that the President has something to do with the enactment of legislation with respect to the tariff as well as with the enforcement and execution of that legislation.

Again, we have heard to-day that it is very important that the President should intervene and tell Congress what to do. Of course, that is thoroughly inconsistent with the idea that the President has nothing to do with legislation and ought to assume a position of hands-off on all legislation. However, it is also suggested that unless the President comes and tells us what must be done in this case the pending tariff bill is dead and there will be no legislation.

Some of our friends seem to me to take perfectly inconsistent, conflicting, and indefensible positions with reference to the whole matter. They know perfectly well—or they ought to know—that if the President undertook to suggest to the Senate now what it might do, and could do, and should do, in this connection, the whole Chamber would reverberate with the harshest criticism imaginable. Senators would denounce such action by the President as intervening in and interfering with legislation. Still, Senators say the President ought to do this thing and ought to do that thing. It must not be forgotten that, of course, the duty of legislating rests primarily with the other House of Congress and the Senate. The Senator from Idaho [Mr. BORAH] is entirely right. It would be a surrender of our duties here, a violation of our trust, and a disregard of the responsibilities and obligations that rest upon the Senate for us to throw up our hands and say, "We can not go any further with this proposed legislation; let us quit and go home and rest." That, to my mind, is not to be thought of for a moment.

We must go on here; we ought to go on. During my service in the Senate I have seen this body transact business very rapidly. I have seen bills embracing two or three hundred pages disposed of in a day. Whenever the Senate makes up its mind to act, it proceeds to act and to dispose of business very quickly. I think that time is coming with reference to this measure. I believe it will come if we persist and diligently pursue the subjects which are brought before us and not waste so much time on other matters. We shall then reach a point eventually when we can take up the items in the pending bill and dispose of them at the rate of two or three hundred a day.

Mr. McKELLAR. Mr. President——

Mr. FLETCHER. I yield.

Mr. McKELLAR. The Senator from Florida will remember, however, that the bills of which he speaks which were passed so rapidly, containing a great many items, were the ordinary appropriation bills, which are very similar one to the other, year in and year out, and not measures of the kind now pending in the particular items of which individual Senators are interested, and about which they, of course, want to have something to say.

Mr. FLETCHER. I recognize what the Senator from Tennessee states. It is going to take longer to consider the pending tariff bill than an ordinary measure or any other proposed piece of legislation would require. I grant that.

Mr. McKELLAR. I agree with the Senator, if the Senator will permit me, in the view that we should move along as rapidly as possible under the circumstances.

Mr. FLETCHER. There will be no need of any lengthy discussion of the different items. We are not a lot of school boys who have to be instructed about all the details with respect to every item in the bill. We have the report of the Tariff Commission, we have the facts and the data before us. A 5-minute statement of facts with reference to any of the items ought to be enough, and then let us vote. We shall dispose of the various items very quickly if we can get a vote on them, and I think there will not be need of very much discussion on each item.

Further, with reference to this matter of legislation, it all goes back to the proposition that apparently Congress is not making any triumphant success of legislating on the tariff. We have heard the Payne-Aldrich bill denounced here as an iniquity. We have heard the Fordney-McCumber bill denounced as a monstrosity, and the Underwood-Simmons bill as wholly inadequate and insufficient. We have heard the pending bill denounced as an abomination and almost every kind of a measure that it ought not to be. Yet that is all the work of Congress; that is the kind of measure Congress enacts into law; and the people who do that insist that the President ought not to have anything to say about a tariff bill, or be given any power with reference to the adjustment of rates based upon the recommendation of a bipartisan commission, a leeway of 50 per cent of the rates fixed in the bill.

To my mind, all this discussion that we have heard and all these statements that are being made show that the objection to that feature of the bill is without merit; we concede that Congress ought to legislate; we insist that the Tariff Commission should report to Congress, and Congress should alone legislate, and so forth. Well, Congress does occasionally pass amendments to the tariff law. We had four popgun tariff bills during the Taft administration, all of them vetoed, and not one of them became a law; and yet we are told the President has nothing to do with tariff legislation. Within his constitutional rights and powers, he vetoed every one of those bills, and none of them became a law; so, under the Constitution, he does have something to do with this subject. We can not take it away from him. The power is there. These statements made here, the positions taken, the comment on the work of Congress, the discussion of the logrolling practice, and the methods and processes employed by Congress are all arguments in support of the flexible provisions contained in the existing law.

But let us go on with the bill. In my judgment, the country quite generally, if not almost universally, was in favor of legislation at this time, primarily in the interest of agriculture, and then to take care of needed industries within the lines pointed out by the President in calling for a limited revision of the tariff. The country expected that. We can go on here and pass this bill, make the bill about what the majority pleases, and then perhaps we will have two bills—the House bill and the Senate bill—in conference. The question will be, Which one shall be accepted? Let the responsibility rest where it may between rejecting or accepting one of these two bills. If we can not get together on a compromise arrangement, let us accept one and reject the other. The effect of the action here—and that action ought to proceed rapidly, in my judgment—will be to make another bill, quite different from the House bill. That is our right; and if you have the votes, and if that is the sentiment of the majority, let us go ahead and do that, and complete the work.

Mr. President, I ask to have inserted in the RECORD an article published in the Washington Post of October 20, entitled "Congress Struggles over Tariff Duties Date Back to 1789," by Mr. David Rankin Barbee. It is a very thoughtful article, the result of some research, and I think a contribution to this general subject.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

[From the Washington Post of Sunday, October 20, 1929]

CONGRESS STRUGGLES OVER TARIFF DUTIES DATE BACK TO 1789—FIRST BILL, DRAWN BY MADISON AND HAMILTON, TOOK THREE MONTHS TO ENACT—JACKSON A PROTECTIONIST—TYLER VETOED TWO—AGRICULTURE AND INDUSTRY ALWAYS IN OPPOSITION

By David Rankin Barbee

Little did President Hoover dream, when he promised, more than 12 months ago, that he would call Congress in session for "a limited revision of the tariff" that a year and probably longer would be consumed in writing the changes necessary to bring the Fordney-McCumber Act up to date. The Ways and Means Committee began hearings on January 7 last. Ten months have passed and the Senate is in a muddle over the bill as the Finance Committee has recast it. The prospects are that it will not be passed during this extra session, which has been sitting since early last April.

The bill will, in all probability, be carried over to the regular session, which convenes December 1. And the Lord only knows how long it will be then before a vote is reached, before the conference committees have ironed out the differences between the two Houses and before the bill is signed or vetoed. But this is not the only tariff bill that has been a year in the making. The Fordney-McCumber Act was 20 months in the mill.

It has been 140 years since James Madison introduced the first tariff bill, and since that epochal event there have been many tariff bills to

occupy the time and talent of Congress and of the commercial and manufacturing and political gentlemen who have more than a passing interest in money measures. Some of them brought the country to the verge of war; one of them did bring on the War between the States; two or three of them wrecked administrations; one made a President of its author; and another was the occasion of a New Jersey schoolmaster reaching the throne. More than one of these bills has been long months in the making, but only two of them have taken so long in the making as the Hawley-Smoot tariff now on the laps of the gods.

COMMENT BY ANDREW JOHNSON

Andrew Johnson, who helped frame one or two tariff bills and who signed one of the most celebrated in one of the most dramatic incidents in the history of tariff making, said that governments had solved all other questions but that of finance, and that no government had ever learned how to write a satisfactory revenue bill. Thomas Jefferson, who was the nearest thing to a seer this country has produced, recognized this in his memorable communication to Congress in December, 1793, when he urged upon Congress a policy of free trade among all nations, and with only one nation, if but one would enter into a treaty to that end.

"But," he concluded, "should any nation, contrary to our wishes, suppose it may better find its advantage by continuing its system of prohibitions, duties, and regulations, it behooves us to protect our citizens, their commerce and navigation, by counter prohibitions, duties, and regulations also. Free commerce and navigation are not to be given in exchange for restrictions and vexations; nor are they likely to produce a relaxation of them."

The tariff history of America shows how nearly right both the great Virginian and the great Tennessean were. The tariff is in national politics and in international politics; it is in business and it is in finance; it is in shipping and it is in diplomacy; it is in labor and it is in agriculture. Even the churches have taken notice of it, for the Federal Council of Churches in America has presumed on occasion to determine a tariff policy for the Nation.

This is not said in any spirit of criticism, but to state a fact illustrating how elusive, how fascinating, how elective and alluring the tariff is. To use a much-abused word, it intrigues the philosopher in his library, the monk in his cloister, and the legislator in his forum. No wonder it raises more heat than light in Congress.

ISSUE DATES BACK TO ABEL

A rapid survey of the tariff history of the country will show that the issue which has been raised over the Hawley-Smoot bill is not a new issue. It began with the first tariff and has been a problem and a perplexity with every succeeding major tariff measure. As a matter of fact, it began in the dawn of history, when Cain killed his brother Abel, for at bottom it is a jealous competition between two conflicting elements of our society—agriculture and manufacture.

When Alexander Hamilton made his famous response to the resolutions of the House, calling on him for a report "for providing for the national debt and for sustaining the public credit," he urged additional duties on wines, spirits (including those distilled in the United States), teas, and coffees, "without any possible disadvantage to trade or agriculture."

This report stirred up an animated debate. In fact, it was more heat than light that Congress got from the discussion, and the opponents were the representatives of the agricultural interests. Said the spokesman for this group, to endeavor to force, by extraordinary Government patronage, the growth of manufactures would be to transfer the natural current of industry from a more to a less beneficial channel. This, they said, would sacrifice general to particular interests. It can hardly ever be wise, they concluded, for a government to try to give direction to the industry of its citizens, the soundest and simplest policy in almost every case being to leave the industry to itself.

NOT DEMOCRATIC INFANT

It is a most interesting as well as a remarkable fact that Madison, Jefferson, and Andrew Jackson, all three planters and coming from planting States, coincided with Hamilton's views and were in a measure protectionists. The separation of the politics of the country on a tariff policy was a later development. Tariff reform, so intimately intwined with the name of Grover Cleveland, another great Democrat, was not originally a Democratic infant, for Cleveland got his inspiration from the liberal Republicans who supported him—Carl Schurz, Godkin, and other tariff reformers.

As everyone knows, the obstruction to the immediate passage of the Hawley-Smoot bill is the age-old obstacle to the passage of every tariff bill—the contest between agriculture and manufacture. Senator BORAH, who prevailed upon President Hoover to call the extra session for "a limited revision of the tariff," tried to limit the changes to the agricultural schedules alone and was defeated by one vote. The Senate opened the bill up to wholesale changes in the interest of all classes, so that a general instead of a particular revision is the result. It is limited in no sense.

And because it is general; because there is this irreconcilable conflict between the two great classes of American society; and because of the magnitude of the measure itself, the consideration of it has consumed the time it has. No one expects either side to yield. Each side taunts the other with delay. There is conflict of leadership and all that sort of thing. But the cause is as deep-seated as human nature itself. Let us glance at the history of a few of the memorable tariff battles to see if this is not so; to learn how long they were in the making and what caused any delay in their passage; what conflicts were aroused, who shouldered arms, and who left the most dead on the field of battle.

FIRST TARIFF BILL IN 1789

The first tariff bill under the Constitution of 1787 was introduced by James Madison April 8, 1789. Prior to that every State in the confederation levied its own taxes. Madison's bill was debated in the Committee of the Whole until May 16, when it was passed and sent to the Senate. That body took it up May 20 and postponed discussion until the 25th. It was then amended and debated until June 27, when it passed. The House refused to accept the amendments tacked on by the Senate and the bill went to conference. A few changes were made and the House then accepted the bill. It was signed on July 4. There were but 15 States in the Union at that time; the membership of both Houses of Congress was small, and yet this bill took three months to prepare. It was a small bill, with very few items, as we shall see, and yet that Congress was unable to put it through in a hurry with James Madison and Alexander Hamilton steering it. Its course through Congress has been the track that all subsequent bills have taken. Let us follow it through the debates.

Madison's bill levied certain duties on goods, wares, and merchandise, and on the tonnage bringing them into the country. The items taxed were rum and all spirituous liquors, molasses, Madeira and all other wines, common bohea and all other teas, pepper, brown, loaf, and all other sugars, cocoa, and coffee. No rates were specified, but the committee of the whole inserted them by amendment.

The historian of the tariff says:

"The debates in the House on this bill brought out fairly well every argument since used, except 'the want of power in the Federal Government to lay duties for protection.'"

Senator Maclay, of Pennsylvania, wrote the only account we have of the debates in the Senate. Taking note of the criticism over the delay in the passage of the bill, he wrote in his journal: "The idea has got abroad that the mercantile interest has been excited to delay this bill. The merchants have undoubtedly regulated the prices of their goods agreeably to the proposed duties, so that the consumers of dutied articles really pay the whole impost, and whatever the proposed duties exceed the State duties now is clear gain to the merchant. Some of them, indeed, dispute the payment of the State impost."

SENATE MAKES CHANGES

In his quaint phrase Maclay tells how the bill was being changed in the Senate, and this depicts the story of every subsequent tariff bill. "We sat on the impost bill," he wrote on May 25, "and debated long on the style of the enacting clause. It was an old friend, and the same arguments were used which had formerly been advanced; but the style of the law, which had already passed, was adopted. Now came the first duty of 12 cents on Jamaica proof. We debated until a quarter past 3, and it was reduced to 8. Adjourned. I fear that our impost bill will be rendered in a great measure unproductive. This business is the work of New England men. They want the article of molasses quite struck out, or at least greatly reduced; or to place it in a different point of view, almost every part will be proscribed either by one or other of those who choose to be our opponents, for every conspirator must be indulged in the sacrifice of his particular enemy."

As the debate wore on light grew darker and heat flamed higher. This is characteristic of every tariff debate. On June 9 Maclay wrote that the discussion was being conducted "with less order, less sense, and less decency, too, than any question I have ever yet heard debated in the Senate." On June 11 there was a lengthy debate on drawbacks, and "Butler, of South Carolina, flamed away and threatened dissolution of the Union with regard to his State as sure as God was in the firmament. * * * His State would live free or die glorious." Here was the South Carolina tariff doctrine showing its head on the first tariff bill. Secession and nullification were not born overnight.

HELD RATES TOO LOW

When the debate had ended and he had had time to make an assessment of its provisions, Maclay turned the light on in these words:

"The Senators from New Jersey, Pennsylvania, Delaware, and Maryland (the manufacturing States) in their every act seemed desirous of making the impost productive, both as to revenue and effective for the encouragement of manufactures, and seemed to consider the whole of the imposts (salt excepted) much too low. Articles of luxury, many of them would have raised one-half. But the Members from the North, and still more particularly from the South, were ever in a flame when any articles were brought forward that were in any considerable use among them."

This outline shows the dividing line that has to this day demarcated the sections on the tariff. New England, manufacturing rum, which came in competition with Jamaica rum, asked for free molasses and for an impost on Jamaica. South Carolina, an agricultural State, opposed imposts on articles she used, and the manufacturing States wished

the imposts effective both for revenue and for the upbuilding of industry. It was some years before New England became a manufacturing region, and she was until that time came opposed to protection, because it injured her shipping and her fishing, which could not be carried on without rum.

The poor, which the Lord said we have with us always, found friends in the opponents of this bill, for, it was seriously argued, the impost on molasses would make them suffer because it was an item of their ordinary diet. Madison wrote Jefferson that this argument was countered by another, that "the poor who consume molasses would escape the burden falling on the poor who consume sugar."

This requires an interpretation. Those simple days were the days of the "long sweetening" and the "short sweetening," when tea and coffee were made palatable either with sugar or molasses. If you were ambitious and had social aspirations, you used sugar; if you were self-satisfied, you used molasses.

PROTECTIVE TARIFF ASKED

Between the Madison tariff and 1816 Congress passed a number of tariff bills, none of which created any disturbance because of the War of 1812. To show how well controlled Congress was, a bill was passed July 1, 1812, imposing double duties on imports, and another on July 29, 1813, imposing a duty on imported salt. The second war with England stimulated the growth of domestic manufacturers, so when Congress met in December, 1815, it received many petitions from manufacturers asking for a protective tariff, those from the cotton manufacturer attracting the most attention. These manufacturers represented that they gave employment to 100,000 persons and produced annually goods valued at $24,000,000.

A. J. Dallas, of Pennsylvania, was Secretary of the Treasury, and in that capacity he made an elaborate report to Congress, recommending the repeal of a number of tariff bills, the reduction of the direct tax from $6,000,000 to $3,000,000 annually, and the discontinuance of the tax on distilled spirits after June 30, 1816. He followed this with another report, February 13, 1816, which surveyed the whole tariff situation and recommended that a new general tariff bill be written, to provide a revenue of $24,000,000 to meet estimated Government expenses.

This is the first instance of a Secretary taking the lead in the framing of a tariff bill, and it is also the first instance of tariff reform proposed in our legislative history. The Dallas tariff went through speedily, being opposed by New England led by Webster and by John Randolph, of Roanoke. Calhoun and Clay led the fight for the bill. The division in the several sections, as recorded in the House votes, shows how sentiment was then beginning to shape up on a definite tariff policy. It was:

	Yeas	Nays	Absent
New England	16	10	16
Middle States	44	10	13
Western States	14	3	5
Southern States	14	31	7

The bill passed the Senate, 25 yeas to 7 nays.

PROTECTION DEFINITE POLICY

Protection was now a definite policy of one political faction and was soon to divide the country and produce the first great sectional convulsion. An effort was made at the session of 1819–20 to pass a protective tariff bill. The House, 88 to 71, put it through, but the Senate, 22 to 21, killed it on a motion to postpone action until next session.

President Monroe, wedded to the idea of protection, twice recommended in his annual messages a review of the tariff for making it more protective, and a bill to carry this into effect was introduced in the House early in January, 1824, debated more than two months, and passed, 107 to 102. The Senate consumed some months in its consideration, variously amended it, and after a conference had ironed out the differences it was passed, 25 to 22. Webster led an impressive fight on the bill and Clay sponsored it. Andrew Jackson voted for it. Pennsylvania and the South were again at loggerheads. The vote on this bill, because it immediately preceded the "tariff of abominations," which convulsed the Nation, is not without interest:

	Yeas	Nays
Maine	1	6
Massachusetts	1	11
New Hampshire	1	5
Rhode Island	2	
Connecticut	5	1
Vermont	5	
New York	26	8
New Jersey	6	
Pennsylvania	24	1
Delaware	1	
Maryland	3	6
Virginia	1	21
North Carolina		13
South Carolina		9
Georgia		7
Kentucky	11	
Tennessee	2	7
Ohio	14	
Indiana	2	
Illinois	1	
Louisiana		1
Mississippi		3
Alabama		1
Missouri	1	
Total	107	103

No bill ever passed Congress with such a close margin as this one. Niles' Register explains the line-up in these words: "The navigating and fishing States opposed the bill because of an apprehension that it would injure commerce; the grain-growing States supported it because of a belief that its passage would benefit agriculture; and the planting States united with the navigating against the bill for the reason that it would be injurious to agriculture."

JACKSON A PROTECTIONIST

Jackson's support of this so-called "tariff of woolens" definitely placed him in the rank of the protectionists, but there is a reasonable ground for the suspicion that he voted for the bill with an eye on the Presidency. As an evidence that he was not above suspicion, the Legislature of Indiana, favorable to his candidacy, felt impelled to pledge him, so in January, 1828, a resolution was adopted by the senate of that body "inviting him (General Jackson) to state explicitly whether he favors that construction of the Constitution of the United States which authorizes Congress to appropriate money for the purpose of making internal improvements in the several States and whether he is in favor of such a system of protective duties for the benefit of American manufacturers as will, in all cases where the raw material and the ability to manufacture exists in our country, secure the patronage of our own manufactures to the exclusion of those of foreign countries, and whether, if elected President of the United States, he will in his public capacity recommend, foster, and support the American system."

Jackson replied, pointing to his vote on the "tariff on woolens" and to a letter he had written to a Doctor Coleman, of North Carolina, the preceding year, a letter that somehow got into the public press and was never repudiated. In the letter to Doctor Coleman, Old Hickory said we were producing too much of farm products—more than we could consume. "Draw from agriculture this superabundant labor," said he; "employ it in mechanism and manufactures, thereby creating a home market for your breadstuffs and distributing labor to the most profitable account, and benefits to the country will result."

Not even Senator SHORTRIDGE, of California, could put the case more succinctly. No wonder Old Hickory was under suspicion in the planting States. Can we not all see him press a little harder with his quill pen as he wrote this sentence: "It is time we should become a little more Americanized (he underscored that word); instead of feeding the paupers and laborers of England, feed our own, or else in a short time, by continuing our present policy, we shall be rendered paupers ourselves." Did this not forecast the "tariff of abominations"?

KILLED OFF CALHOUN

If that tariff made a President, the next one killed off a promising candidate—John C. Calhoun. It also marked the first definite entry of the manufacturing interests of the country into a tariff fight as an organized body, and it began the Pennsylvania plan, which has continued to this day. Mr. Mallary, of Vermont, chairman of the House Committee on Manufactures, on January 10, 1827, brought in a general tariff bill and after a lengthy and animated debate it was rushed through, 106 to 95, the House dividing again geographically rather than partisan. There was little time for the Senate to act on the bill, so Martin Van Buren, with his eye on the White House, jockeyed the bill into a vote for postponement, which, being a tie, compelled Calhoun, the Vice President, to cast the deciding vote. He voted with the planting States and aroused the enmity of every protectionist and manufacturer in the country. These gentlemen now formally organized the Pennsylvania Society for the Promotion of Manufactures and the Mechanics Arts on May 14, 1827, and called a national convention to meet at Harrisburg on July 30 of that year "to deliberate what measures are proper to be taken in the present posture of affairs." A committee broadcast an address to the country.

Ninety-five delegates attended the convention from these States: New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, Kentucky, and Ohio. Every section of the country except the deep South or the planting States were represented. One can not understand the nullification controversy without a glance at this history.

A memorial to Congress asking a tariff on wool and on the different kinds and qualities of woolen manufactures and an increase on duties

on other manufactured articles was prepared; as well as an address to the people of the United States and another to manufacturing industries of the country. Everything open and above board.

MOST REMARKABLE TARIFF BILL

When Congress met that December the making of the most memorable tariff bill in our history was the sole topic of discussion. For the first time a committee began to take testimony. Thus was initiated the policy that exists to this good day. It took the committee on manufactures exactly one month to conduct its hearings, which began early in January. Debate on the bill commenced March 3 and continued until April 22. The bill had been ordered to a third reading on April 15, by a vote of 109 to 91, but on that day John Randolph made a lengthy and spirited attack upon it, scattering his thunderbolts in all directions. Another debate ensued on the merits of the bill and on the general question of protection, the bill finally passing, 101 to 96, with 16 Members absent.

The spirit of the fierce opposition is shown by the efforts to amend the caption of the bill. It was entitled, "An act in alteration of the several acts imposing duties on imports." Mr. Wilde, of Georgia, the poet, moved to amend it by adding, "and for the encouragement of domestic manufactures."

Randolph flared out, "insisting that domestic manufactures were those carried on in the families of the farmers in the making of what used to be called Virginia cloth." Said he, "The gentleman from Georgia should call it a bill to rob and plunder nearly one-half of the Union to fill the pockets of the other half."

To this Mr. Hodges, of Massachusetts, agreed, but offered his own amendment to add to it, "and to transfer the capital and industry of the New England States to other States in the Union."

In the Senate Webster, now a convert to protection, supported the bill, "declaring New England was now for protection." After a debate lasting three weeks, and adding only 13 amendments, the bill passed 26 to 21, was accepted by the House two days later, and on May 19 John Quincy Adams signed it. Then the fun began.

BROUGHT ABOUT NULLIFICATION

Hardly is it necessary to recount the history of the nullification controversy. Even yet the historians differ on the facts and on the philosophy of that unamiable controversy. By formal act the people of South Carolina, in convention, nullified the tariff, but only after a terrific controversy before the people. At a mass meeting at Columbia the president of the University of South Carolina, Dr. Thomas Cooper, who had been a judge in Pennsylvania, and whom John Adams had placed in jail for criticizing him, made a speech that first formally enunciated the doctrine that protection was unconstitutional, and in which he used this memorable phrase: "It is time for the South to calculate the value of the Union." This is the first time that secession was proclaimed in the South, and by an alien at that and an infidel.

We all know that Virginia interceded both with South Carolina and with the administration and that Jackson urged the Congress to revise the offensive "tariff abominations." He wished to avert civil war, and so did Virginia and so did South Carolina, for it is often overlooked that 17,000 voters opposed nullification in the Palmetto State; that Charleston and the western counties stood by Old Hickory.

CLAY'S FIRST COMPROMISE

Clay took this occasion to rush through his first celebrated compromise, and so befuddled was the state of mind, so at crisscrosses all the popular thought, that he actually began to modify the tariff by a bill introduced in the Senate, when the Constitution says that money bills shall originate in the House. The tariff bill was hurried through both branches of Congress, Jackson's plea for more power to put down rebellion in South Carolina and to enforce the collection of the revenue was delayed until the controversy was over and South Carolina had rescinded her nullification act through the same formal process by which it had been passed. In about three weeks the whole incident seemed to be over.

It, however, raised a wind that, like the terrible hurricane, gathered force as it blew until it spent itself at Appomattox. Webster and Benton fought the measure, but to no end. Clay and Calhoun for once were together.

In the next tariff controversy we have the first of our presidential battles with that problem, for John Tyler and Congress got at loggerheads, and he vetoed two tariff bills because "they did not suspend the distribution of the proceeds of the sales of the public lands among the several States of the Union."

The first of these bills was written in compliance with a political pledge for a general revision, a pledge that had helped the Whigs win their great battle. The House Committee on Manufactures began work on this bill on December 1, 1841, but had so much trouble getting information that it was not until some time in March of the next year that the bill came out of committee. While the House was debating it, Chairman Fillmore, of the Ways and Means Committee, laid before the House a report from the Secretary of the Treasury asking that a bill of a general revenue character be passed.

First, the House passed and the Senate concurred in a bill to extend the Clay compromise act until August 1, but Tyler vetoed that, and the effort to pass it over his veto failed. On July 5 the House then took up the general tariff bill and passed it on the 16th, and on August 5 the Senate passed it, which was pretty speedy work. It should be remembered, however, that Tyler had incensed the Whigs to no end.

ALSO HELPED BY TYLER

Tyler vetoed this bill also, and wrote a sharp letter to Congress, which caused that honorable body to pass a resolution of censure on him, which still stands on the books. No other President was ever so treated over a tariff bill, but years later another was to get into a furious controversy with the Senate over a tariff bill. It was now near the end of August, Congress had for nine months been considering the tariff bill and cussing John Tyler, and the pay checks were being endangered for lack of funds in the Treasury. So in the last two weeks of that month Congress passed the tariff bill in conformity with Tyler's desires, and he signed it on August 30. This was the longest session in our history devoted to a tariff bill until the present extra session.

The next important tariff bill is known to history as the Walker tariff and is the only one that bears the name of a man not a Member of Congress. It came during Polk's administration and was based upon a report made to Congress by Robert J. Walker, Secretary of the Treasury, a Pennsylvania man who had been a Senator from Mississippi and was later to become Territorial governor of "bleeding" Kansas. Mr. Walker was a low-tariff man, and so was the President. The latter attacked the protective principle in his message in 1845, and it was immediately followed by Walker's report, which was the basis on which the Committee on Ways and Means now for the first time began to write a bill. From December until April 14 the committee and Mr. Walker struggled with the bill, which was debated until July 2, when it passed, 114 to 97. The Senate laid it aside for three weeks, and as that body was known to be evenly divided on the measure it was feared that it would not pass. However, with little debate and no amendments, it was taken up on July 28 and passed 28 to 27.

MORRILL BILL EASILY PASSED

For the next few years the mind of the country was on war and not even the Morrill tariffs of the war period have much interest for students. As soon as the Southern States seceded that gave the Republicans control of both Houses of Congress, and they put their bills through without much trouble. Revenue was badly needed, and no one took a lantern with him when looking over a tariff bill. There were some interesting features of these bills if not much delay in their passage. That of 1863 provided for the appointment of three commissioners to consider the whole revenue situation, to revise the tax system, and to propose laws for unifying the same. That such a bill should have come out of the hopper in war times shows that the statesmen in Congress had other thoughts beside the main thought of winning the war. Nothing ever came of this proposal to make a scientific tariff and take it out of politics.

The Morrill tariff of 1866 was rushed through the House after a 3-day debate, being passed on July 10, 97 to 52. The Senate, by a vote of 27 to 17, instructed the Finance Committee to pigeonhole it until next session, when it was taken up at the beginning of the session, debated at great length, and passed at midnight, February 1, 1867. The House refused to concur in the Senate amendments, and the bill was lost. This is the only instance in which a bill has met this fate in this manner.

Always from the beginning the wool people have been the most insistent for protection for their industry, and this has made the rather celebrated wool and woolens act of 1867 dramatic with interest and placed it in the hall of tariff fame alongside of the "tariff of abominations" and Clay's compromise act of 1832.

Judge Bingham, of Ohio, brought in a bill July 23, 1866, to provide increased revenue from imported wool, and for other purposes. The secretary and legislative agent of the Wool Manufacturers Association, examining the bill, found out that it "threatened no little injury to our interests," and so notified his people. Judge Bingham on an appeal being made to him agreed to restore the rate in the Morrill bill, and the House, in Committee of the Whole, without taking a record vote, passed it. The next day, July 28, being the last legislative day, the bill was rushed to the Senate, and that body refused to consider it.

OPPOSED BY FESSENDEN

Fessenden, of Maine, was chairman of the Finance Committee and he opposed the bill. At the short session the bill was taken up by the Finance Committee and reported out on March 1, variously amended. Every protected interest in the country fought the bill, and Senator Cattell, Pennsylvania, offered an amendment which opened up the question of general tariff revision. This meant the defeat of the bill. The wool people were bleating like a flock of sheep surrounded by one lone wolf. There was tremendous excitement on the hill and throughout the country. Finally, before a crowded Senate, with the Capitol filled with tailors and toilers, the Cattell amendment came to a vote. The democrats saved the day for the wool men that time, for led by Reverdy Johnson, of Maryland, they joined with the western antitariff men in defeating the amendment. Then, on the very last legislative day the bill passed, 31 to 12.

That day a tailor sat in the President's room of the Senate surrounded by his cabinet, leisurely looking over the bills that he must sign or veto. It was noticed that he took the tariff bill and laid it aside, and went ahead signing the other bills. The tailors who had been applauding in the gallery an hour or two before heard that their bill had been cast aside. They rushed across the corridor of the House wing in minus nothing and got hold of Judge Bingham. They were so out of breath, it is said, they could not speak. But he read their minds and at one minute before 12 o'clock he stood in the presence of the man he was even then getting ready to crucify, and with beads of sweat rolling down his cheeks he asked Andrew Johnson to sign his bill. With an air that said, "I was just getting ready to do that," Andrew Johnson took up his quill pen and made history. That was the narrowest squeak a tariff bill ever got.

FIRST TARIFF COMMISSION

For the next 16 years tariff bills were infrequently and uninteresting affairs. That of 1882 was memorable only in that created the Tariff Commission, and President Arthur could get no tariff reformer or man of prominence to serve on the commission. Then came Grover Cleveland.

Tariff reform centers around the name of the great Democratic President. When he first became President he had never read a book on the tariff and he didn't know the difference between a tariff rate and a glass of beer. But under the guidance of Carl Schurz, who gave him the books to read, he took up seriously the study of that question and became the most illustrious tariff reformer in our history.

The first of the Cleveland bills, known as the Mills bill, came in 1887. Roger Q. Mills, of Texas, was chairman of the Ways and Means Committee. Theoretically he was a free trader. As he years later told the Senate, he sat down in his study in Texas and for six months worked out the details of the bill which bore his name, only to find out when he got before the committee he knew little about the technical side of making rates. This is the first instance in our history of one man attempting to write a tariff bill. Not even Hamilton or Madison would undertake that when the country was young.

ONE HUNDRED AND FIFTY-ONE SPEECHES WERE MADE

General debate on the bill began April 17, 1888, with Springer, of Illinois, Chairman of the Committee of the Whole. On July 19 it was over, 151 speeches having been made, consuming 111 hours and 54 minutes. The bill then passed, 162 to 114, only four Democrats, including Samuel J. Randall, of Pennsylvania, opposing it. The Republicans controlled the Senate, so they made a farce out of the bill. The Finance Committee considered it from July 21 until October 3, when it came out with three reports, one by Aldrich, the chairman; one by Beck, of Kentucky; and a third by the other Democratic members. For two weeks it was debated, and then, on October 20, Congress adjourned without taking a vote. At the short session the bill was taken up December 5 and discussed until January 22, 1889, when it was passed by a vote of 32 to 30. The House took the position that it was a brand new bill and they refused even to consider it. So this, the longest of the tariff sessions, thus came to an end.

At the next turn of the wheel the Republicans were in control of every department of the Government, and in this situation came the McKinley bill. Even with Tom Reed as Speaker and with the ablest Ways and Means Committee that ever sat in the House, the bill was from December 9 until October 1 in the making. It carried 496 amendments, the House accepting 272, compromising on 173, and the Senate receding from 51.

There are few tariff bills that have made as much history as the ill-fated Wilson bill of 1894. That was the bill that wrecked the Democratic Party, because the Senate insurgents, led by Gorman, of Maryland, and Brice, of Ohio, rewrote the bill in conformity with their own ideas of protection and to meet the wishes of certain Democratic Senators who were out-and-out protectionists. Cleveland refused to sign it, and in two letters—one to William L. Wilson and the other to General Catchings, of Mississippi—blistered the insurgents. They replied with their shillalahs and a merry fuss resulted.

CALLED COWARDLY SURRENDER

Chairman Wilson began public hearings on the bill August 23, 1893, and closed them September 20, amid the jeers of the Republicans. He wrote an elaborate report to accompany the bill, and Henry Watterson denounced it as a cowardly surrender to protection. On January 5 general discussion began and ended five days later. Republicans broke a quorum and the bill could not come to a vote. Speaker Crisp refused to follow Tom Reed's precedent and count a quorum. Finally it was decided to take a vote on February 1, and after a memorable debate between Crisp and Reed the bill passed, 204 to 140. It was a day of great excitement. People had come long ways to hear the debate. And when the vote was counted excited Democrats seized Chairman Wilson, raised him to their shoulders, and began a parade that was the first and only tariff parade in the record.

The bill was considered seven weeks by the Finance Committee of the Senate and then debated for three months, finally passing July 3. It became a law without the President's signature on August 27, 1894, just one year after its inception.

Neither the Dingley tariff nor the Payne-Aldrich tariff nor the Underwood-Simmons tariff nor the Payne-McCumber tariff took the time to write that the other bills of moment occupied. The Dingley tariff was put through a well-organized Congress; the Payne-Aldrich tariff broke faith with the promises of the President and brought on the Bull Moose movement, which was in effect the revival of the ancient controversy between the agricultural States and the manufacturing States. The last Democratic bill was conducted through the House by a master politician and it had behind it the leadership of President Wilson, who personally took a hand in it, and pushed it through.

TWENTY MONTHS IN MAKING

Although the Democrats, in 1916, tried to take the tariff out of politics, and although this has been the dream of many Republican statesmen, all efforts in this direction have failed, because of the eternal conflict between agriculture and manufactures. This conflict, in 1921, provoked the longest controversy in tariff building, for the Fordney-McCumber bill was 20 months in the making, and Senator BORAH then, as now, was in the forefront, fighting for the farmer.

Hearings on the bill began in the Ways and Means Committee on January 6, 1921, and the bill passed the House the following July 21. The Finance Committee did not report out the bill until April 11, 1922, and then it came with more than 2,000 amendments. The Senate passed the bill on August 19 following, with almost 2,500 amendments, and it went to conference. On September 15 the House adopted the conference report, 210 to 90, and four days later the Senate adopted it, 43 to 28. Its most important provision was the flexible-tariff clause, which has been eliminated from the present bill. It should be perfectly obvious that it takes long and weary months now to write and pass any tariff bill, unless both Houses of Congress are perfectly disciplined and the President takes the lead as was done when the Underwood-Simmons bill became the law of the land.

MEDITERRANEAN FRUIT FLY CAMPAIGN

Mr. FLETCHER. I also ask, while I have the floor, to have inserted in the RECORD at this point another matter, the report of the special committee to study the status and needs of the Mediterranean fruit fly campaign.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

OCTOBER 28, 1929.

REPORT OF SPECIAL COMMITTEE TO STUDY STATUS AND NEEDS OF MEDITERRANEAN FRUIT FLY CAMPAIGN

The Secretary of Agriculture releases herewith a report of a special committee on the Mediterranean fruit fly campaign in Florida. This committee was selected at the suggestion of the Secretary under the direction of Hon. WILLIAM R. WOOD, chairman of the Appropriations Committee of the House, to secure the latest information for the use of that committee. This report presents an additional, independent, and recent judgment of the work and its future needs. The personnel of this committee was as follows: W. O. Thompson, president emeritus of Ohio State University; W. C. Reed, commercial fruit grower, of Vincennes, Ind.; W. P. Flint, chief entomologist of the Illinois Natural History Survey; W. H. Alderman, head of the department of horticulture, University of Minnesota; and J. J. Davis, head of the department of entomology, Purdue University.

WASHINGTON, D. C., *October 22, 1929.*

Hon. ARTHUR M. HYDE,

Secretary of Agriculture, Washington, D. C.

SIR: Your committee, appointed to make a study of the Mediterranean fruit fly in Florida, with special reference to progress of the work the past three months, the possibilities of eradication, and the future needs so far as determined at the present time, reports as follows:

In order to be familiar with the problem the committee spent the past week in Florida, during which time 1,300 miles through the infested and outlying areas were covered and many citizens of Florida interviewed.

We concur with the report of your committee of seven regarding the economic importance of the insect and the need for eradication. The Mediterranean fruit fly should be recognized as a potential pest of very great importance to the fruit industry of the Southern States; also, the results to date clearly forecast the possibility of complete eradication in Florida, and this goal should be vigorously sought.

We commend the work of the research and control forces, the former for the progress made in the short period since the discovery of the infestation April 6, 1929, with attractants, poison sprays, host plant studies, and fruit sterilization; the latter for the apparent thoroughness and completeness of the quarantine and eradication work. We likewise commend the cooperation of the growers and the sacrifices which they have made in destroying hundreds of thousands of boxes of fruit in order to aid in the eradication. A study of the activities of the research and control forces, and the expenditures to date show an economical and efficient use of the funds available.

PROGRESS OF ERADICATION AND NEEDS FOR THE FUTURE

The research division has made fundamental studies which have had an important bearing on the conduct of the eradication program of the past six months, and which will have an increasing value for any future program of control or eradication. A study of wild fruits, including the period of maturing and susceptibility to fly attack, has revealed facts which will enable a continuation of the eradication program and elimination—for the present, at least—of work which would cost many millions of dollars. The studies of cold and heat sterilizing processes which will permit uninterrupted shipment of citrus fruits has been basic and seems to assure the development of methods which will not only eliminate the danger of spread but may improve the color and reduce rots over previous commercial methods. The finding and utilization of a poison spray to destroy the flies was doubtless one of the chief factors in bringing about the present apparent absence of infestation. Evidences of temporary injury by this spray to the citrus tree and its fruit were apparent, especially in groves where the grower has been unable to finance proper upkeep, but further studies now under way indicate the possibility of the development of a safe and equally effective spray. Bait traps are now useful only in detecting infestations—an important use—since the kerosene attractant used will attract only male flies. Continued studies may reveal an attractant to which females as well as males will respond. These developments reveal important leads, and research along these and other lines are essential for the eradication program which has been so effective during the first six months of the campaign. A study of the canning industry, with special reference to the utilization of by-products and its bearing on fruit-fly control, would seem to be a very desirable addition to the research program.

The eradication division involves many important features. From an infestation where hundreds of flies could be obtained with a few sweeps with a net and where infested fruit was common, to a point where all methods of trapping fail to catch a single fly and where no fruit infestation can be located in spite of diligent and extensive search, is little less than marvelous. Weather conditions may have assisted in reducing the infestation, but a study of all the data clearly shows that the complete destruction of fruits in the infested zones and the thorough use of poison sprays have been largely responsible. That infestations have not been found in adjoining States where much fruit was shipped previous to the discovery of the infestation, nor in the known infested area, are facts difficult to explain. That infestations will be found, at least in the original infested zones, before the end of June, 1930, seems almost certain. For this reason sufficient funds should be immediately available for stamping out incipient outbreaks, should they appear. A continuation and enlargement of the inspection and scouting work is essential to discover any occurrences of the fly before they become conspicuous. Spraying should be continued in the vicinity of citrus groves, where injury to the trees and shrubs is not likely to result. The complete destruction of "drops" and the inauguration of a host-free period (approximately April 1 to September 1) by removal of the citrus and other susceptible fruits, such as peach, pear, guava, and Surinam cherry, seems to be an important feature of the eradication program. Destruction of abandoned groves is likewise important in the proposed program of eradication.

A very thorough study of wild native host fruits in 600 square miles of wild, natural growths, exclusive of abandoned groves, has failed to reveal a single infested fruit. For this reason, and until such findings are made, we believe a general clean-up in such areas unnecessary. This will materially reduce the cost of an efficient eradication campaign.

An important part of the project is the quarantine which involves the possible spread of the fly by means of public carriers. This work has been admirably accomplished by the National Guard of Florida. The utilization of the State national guard for the enforcement of quarantines has never before been attempted and the methods and effectiveness of this organization for quarantine duty where a single State is involved are heartily indorsed. The enforcement of garbage disposal, screening of fruit stands and fruit delivery wagons is important from the standpoint of eradication and should continue as a phase of the quarantine under the supervision and control of the State national guard.

Many who have objected to one or another phase of the fruit-fly project were interviewed, but after discussion and conference a distinct majority were in favor of a continuation of the research and eradication work on a reasonable basis. It was apparent that the comparatively few who questioned the need or efficiency of the work usually did so because they were uninformed on the significance of the Mediterranean fruit fly should it become established and beyond control, and on the immensity of a program of eradication. For these reasons we believe better methods of fully informing the public should be used and that an efficient program of education be inaugurated.

The appropriations already made for the eradication program have been so effectively used that infestation is not now apparent. The failure to continue the program of eradication as a measure of precaution might threaten the efficiency of the work already accomplished. In addition, an emergency fund as a reserve might well be provided and made available only in case of new outbreaks in outside areas which would constitute emergencies.

The committee desires to express its appreciation for the active and willing cooperation on the part of the Federal, State, and county officials in the inauguration and prosecution of the eradication program.

W. O. THOMPSON, *Chairman.*
WILLIAM C. REED.
W. H. ALDERMAN.
W. P. FLINT.
J. J. DAVIS, *Secretary.*

Mr. FLETCHER. I also ask to have inserted in the RECORD a copy of the resolutions of the National Association of Commissioners, Secretaries, and Departments of Agriculture, which met here in Washington yesterday and passed certain resolutions with reference to this subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Whereas the National Association of Commissioners, Secretaries, and Departments of Agriculture, in convention assembled in the city of Washington, appreciates the notable results obtained to date in the Federal and State efforts to effect the elimination of the Mediterranean fruit fly in Florida, and believing that a continuation of these efforts will effect the eradication of this fruit fly; and

Whereas it is the desire of this association that adequate funds be provided to prevent the spread and to complete the extermination of this pest; and

Whereas this association believes that in connection with such prevention of spread and eradication means can be provided for the orderly marketing of Florida fruits and vegetables under regulations of the United States Department of Agriculture; and

Whereas the fruit growers and others in Florida have suffered serious losses in the national interest occasioned by the destruction of fruit and vegetables and the prohibition of the growing of the same; and

Whereas the eradication effort and the cost to the State and its losses to individuals is in the interest of protecting the United States as a whole from the menace of a new and very serious fruit and vegetable pest: Now, therefore, be it

Resolved, (1) That this association appeals to Congress to provide at the earliest possible time funds for the United States Department of Agriculture adequate to carry forward and complete the campaign of eradication inaugurated with reference to the Mediterranean fruit fly;

(2) That this association urges the Secretary of Agriculture to extend the markets for Florida fruits and vegetables as rapidly as is consistent with safety;

(3) That this association recognizes and heartily approves a policy of reasonable indemnification or reimbursement of persons whose crops have been, or may hereafter be, destroyed as a necessity of the eradication campaign; and

(4) That this association transmit a copy of these resolutions to the President of the United States, to the Secretary of Agriculture, and to the Members of the Congress of the United States.

Mr. FLETCHER. I also ask to have inserted in the RECORD an editorial from the Wall Street Journal of October 4 entitled "Florida and the Medfly."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, October 4, 1929]

FLORIDA AND THE MEDFLY

In its fight against the Mediterranean fruit fly Florida asks three things of the Government—sufficient money to carry on the war until the last fly is dead, compensation to the growers whose products are destroyed in the eradication work, and easing of the regulations to permit marketing of uninfected fruit. It seems no more than justice to grant these requests.

This is by no means a local or State matter. The fly is not bound by State lines, but is capable of spreading over a large percentage of the country. It is a direct menace to that part of the country, indirectly affects business in the other parts, affects the food supply of the whole country and promises, if let alone, to increase the cost of living for all.

Our gross agricultural income from all fruits and vegetables approximates $1,500,000,000 a year. This is equal to the cotton crop, lint and seed, and is about one-eighth of the total agricultural income including that received from all livestock products. A large proportion of that production is threatened in case the fly should get out of hand in Florida.

We are apt to think of the fly merely in connection with citrus fruits. This of itself would be serious enough, but that is only a beginning. All deciduous fruits and most vegetables are liable to its infection. All but the colder States are in danger of it. Just how far north it can survive is not yet known, but probably up to the Pennsylvania border, southern Ohio and Illinois.

More than a million carloads of fruits and vegetables are shipped every season in the United States. A large proportion comes from the warmer States within the range of the fly, extending from Florida to

California. The loss of a substantial percentage of this traffic would mean something to the railroads and to the labor that handles the freight.

Perhaps the least important item in this business is that of the containers necessary to pack the shipments. But to pack the fruits and vegetables for market requires more than a billion containers, and the business of making them is an industry running into some millions of dollars. Labor in the forests, sawmills, and factories is directly concerned in this matter.

But the greatest menace is in the danger of loss to the producers. Some States, such as Florida and California, depend upon fruits and vegetables for a large proportion of their agricultural income. Cut off the purchasing power of any community, State, or group of States and the whole country feels the effect of this lessened spending power.

Florida is not asking generosity. The fight is not her fight but that of the whole people of the United States, and they should enter it wholeheartedly in order to save a great industry in which all are interested.

Mr. FLETCHER. I should like to say in this connection that the special committee sent to Florida by the Secretary of Agriculture to look into the work of eradication and the needs for carrying it on to completion have reported.

They commend the effort already made and speak highly of its progress.

They recommend that the work be continued, and that sufficient funds be provided to accomplish the thorough and complete eradication of the Mediterranean fly.

They do not specify the amount required.

Florida is not asking for any specific amount; in fact, all Florida asks is that the Mediterranean fly be exterminated and that there be no let-up in the fight.

The department says that we can exterminate the fly.

The President says that whatever is necessary to that end will be supplied.

We can therefore leave to the Department of Agriculture, the Budget Director, and the President the determination of what is needed in this regard.

What Florida wants is to be rid of this menace entirely and completely. We do not want to hear any more about it after next April.

The question of compensation and reimbursement will have to wait until the work of eradication is practically over, because losses and damage caused by the eradication process, which is for the benefit of the whole country, can not be determined until that is completed.

People who say that money has been wasted and that only a limited amount will be required are not helping the situation. The experts of the Department of Agriculture and the Bureau of Entomology and those who have been called to their assistance are better judges and more competent to advise respecting the problem and the means of dealing with it and requirements for its satisfactory solution.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. SWANSON. Mr. President, there has been a great deal of complaint regarding the delay of this bill in the Senate. The country and the Senate to some extent do not really appreciate the conditions under which this bill was received from the House.

When the bill was in the House, a rule was adopted permitting amendments from the Ways and Means Committee to be first considered. All the time was consumed in that way; for I am told by an expert who has examined the RECORD that there was but one amendment offered from the floor to the bill when it was pending in the House. In other words, under the rule adopted in the House, 435 Members of Congress, except 1, were debarred of the privilege of offering amendments to correct this bill.

As far as an opportunity to correct this bill is concerned, as far as an opportunity has been given for the people of the different States and the different districts to have their views and convictions upon the tariff question presented, it can be done alone in the Senate. In the Senate we have given permission for the amendments of the Finance Committee to be first considered. The members of the Finance Committee are now impatient. The needs of States and constituencies and districts should have an opportunity to be presented and voted on in this body. If the House would permit debate, would permit amendments to be presented in the House, and send the bill here only after full discussion and opportunity of voting, the speed in the Senate could be much increased.

The important thing is not the rapidity with which the bill is passed, but whether or not the bill is a good one when passed. We have not had any tariff legislation since 1922.

Mr. FLETCHER. Mr. President, will the Senator yield for a minute?

Mr. SWANSON. I yield.

Mr. FLETCHER. My understanding is, as the Senator has stated, that no amendments were allowed in the House, but that the committee itself made certain amendments, and they proposed some 90 amendments after the bill had been reported, and nearly all of them were increases.

Mr. SWANSON. The Senator has stated the matter well. I stated that only 1 Member out of 435 Members in the House was allowed to offer an individual amendment, and that was upon the privilege of bonding wheat to Cuba. Only one Member was permitted to offer an amendment to this bill in the House except the Members who belonged to the Ways and Means Committee. As the Senator said, they offered ninety-odd amendments, which consumed all the time, and all of those amendments proposed increases. The Republican members of that committee, constituting about 19, I believe—I do not know the exact number—acting together, composing that committee, were the only people privileged, not to debate the bill—that is not so bad—but even to offer amendments to correct the outrages in this bill as far as their States and constituencies were concerned.

When this bill came here with that situation, with over 400 congressional districts practically deprived of the right of offering amendments, it necessitated a long debate, and necessitated the offering of amendments here to give the people a chance to have their convictions expressed, which was denied in the House.

I am not for abandoning this bill. As soon as it becomes apparent that a bill will be amended, and that the rates will be made good and beneficial, those who do not favor tariff bills of that kind and character apparently reach the conclusion that the bill ought to be abandoned. The fault is not with us. The President called an extra session, and asked an army to come in and get into action when that army was divided. He has not had time to reconcile it. He has actually entered the field of battle on legislation with his party divided as hopelessly as I have ever seen it. If that fault belongs to anybody it belongs to the President, who alone had the right to call Congress into session.

I have no complaint to make of the President for not expressing his views and convictions on the tariff. It seems to me it has been conceded by thoughtful observers of American politics that the President has two relations. In one of them he is President of the United States, and knows no party in certain functions and duties, and should know no party. The Department of Justice should be above partisan politics. Partisan politics should have no place there. The department should be administered irrespective of political and partisan considerations. The State Department likewise should be free of partisan politics. Since our policy has been, when we leave the coast and go abroad, that we stand united, the State Department should be free of partisan politics. As I say, neither the Attorney General nor the Secretary of State should be influenced in his action by partisan politics. It should be pure and above it.

Outside of that, after giving good administration, the President is the leader of his party. Roosevelt was the leader of his party. Cleveland was the leader of his party when it came to party politics, and so was Wilson. They were chosen to direct party policies, and they stood as the leader of the party. Now, if the President abandons the leadership, if he has no convictions and no views and no advice to give to his party, it would come with poor judgment and poor taste for a Democrat to complain of a leader of the opposition allowing it to scatter and become a disorganized mob. It is for him to determine whether, in the leadership of his party, it is his duty to get the remnants of his party together on this tariff bill and try to hold them together. It is a matter for him to decide, as leader of the Republican Party, but not for us Democrats to advise the leader of the opposition about abandoning his party and leaving it to be routed and disorganized.

It does seem to me that that is about what is occurring in politics.

Mr. President, what is the position of the Democrats? We came here and saw a divided army on a tariff bill—the Republicans divided. We reached the conclusion that the people would get more relief, a better tariff bill, and agriculture would be aided, by uniting with the Progressive Republicans, and not standing here to carry out the behests of the reactionary regular

Republicans. We know it is only by this process that the exactions and iniquities and enormities contained in this bill can be defeated, and we purpose to defeat it. As far as I am concerned, I favor carrying the bill through, voting on the amendments, voting on the relief promised agriculture, voting to try to give reductions, and to keep exactions and extortions from the farmers and consumers. If we get a good bill, one better than the existing law, let us stand and fight for it, even if the House should surrender to the reactionary Members of the Republican Party.

I think patriotism on the part of those who desire to give relief to agriculture and to other industries of this country demands that we should proceed with this bill.

SPECULATIVE OPERATIONS ON THE STOCK EXCHANGE

Mr. NYE. Mr. President, out of order I send to the desk a resolution for introduction, and ask that it may be read and go over under the rule.

The PRESIDING OFFICER. The clerk will read the resolution.

The Chief Clerk read the resolution (S. Res. 144), as follows:

Whereas it appears impossible, in the absence of any great natural physical calamity, that an actual loss of $16,000,000,000 of intrinsic values in stocks and bonds, or any other loss amounting to billions of dollars can actually occur in a single day or in a few days; and

Whereas the actual intrinsic values of securities based upon the physical properties devoted to the industrial and economic processes of the Nation can not change day by day at relatively great differences without peril to the economic structure of the Nation; and

Whereas such great and violent fluctuations as have occurred during recent months are apparently the result of speculative operations on the stock exchanges of the Nation; and

Whereas such speculative operations have caused a syphoning of the money necessary to the normal commercial and industrial functions of the people from remote sections of the country; and

Whereas the speculative operations of the stock exchanges threaten the stability and integrity of the entire industrial life of the country; and

Whereas it is necessary that legislation be enacted to regulate purely speculative operations in the securities representing the physical equipment of the industrial structure of the Nation; and

Whereas the Supreme Court of the United States has confirmed the power of Congress to elicit information as the basis of necessary legislation: Therefore be it

Resolved, That a committee of five Senators be appointed by the Vice President, which shall include as members thereof the chairman and the ranking minority member of both the Committee on the Judiciary and the Committee on Banking and Currency of the Senate, and that such committee is hereby authorized and directed, by subcommittee or otherwise, to investigate the facts and the practices concerning or relating to speculative operations connected with stock exchanges within the United States and to report their findings, together with such recommendations as they deem necessary, to the Senate not later than February 1, 1930.

The said committee or subcommittee is hereby authorized to sit, act, and perform its duties at such times and places as it deems necessary or proper; to require by subpœna or otherwise the attendance of witnesses; to require the production of books, papers, documents, and other evidence; and to employ counsel, accountants, experts, and other assistants. The cost of stenographic service to report such hearings shall not exceed 25 cents per 100 words. The chairman of the committee, or of the subcommittee, or any member thereof, may sign subpœnas and administer oaths to witnesses.

Heads of departments and their respective assistants and subordinates are hereby respectively directed to comply with all directions of the committee for assistance in its labors, to place at the service of the committee all the data and records of their respective departments, to procure for the committee from time to time such information as is subject to their control or inspection, and to allow the use of their assistants for the making of such investigations with respect to individuals and corporations under their respective jurisdictions as the committee or any subcommittee thereof may from time to time request.

The cost of investigation shall be paid out of the contingent fund of the Senate on vouchers of the committee or subcommittee, signed by the chairman and approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

The PRESIDING OFFICER. The resolution will go over under the rule.

Mr. WALSH of Massachusetts. Mr. President, I notice in the morning press a statement made by the minority leader on this side with reference to the stock market, which I desire to have inserted in the RECORD in connection with the resolution offered by the Senator from North Dakota.

The PRESIDING OFFICER. Without objection, the matter will be printed in the RECORD.

The statement of Senator ROBINSON of Arkansas is as follows:

THE STOCK EXCHANGE DEBACLE

Confidence in business conditions in the United States has been disturbed and somewhat upset by the recent collapse of the stock market. The financial world witnessed last Thursday an amazing spectacle. It was the culmination of unprecedented speculation in stocks—a process which has been going on for many months. It is regrettable to note that in spite of efforts of large financial organizations to restore confidence, there are still daily exhibited evidences of general instability of prices—downward tendencies to points almost as far below fair and reasonable standards as they were above when the panic came. As anyone might have anticipated, and as some did foresee, millions of small investors lost their resources and are involved in bankruptcy and ruin. Hundred of thousands, perhaps several millions, of citizens of limited resources have seen their savings disappear in a financial maelstrom which has also drawn into its vortex some who until recently believed themselves rich.

Never in the history of the world have the values of stocks advanced so rapidly, and perhaps with so little justification, as during the last several months. Funds were withdrawn from all forms of conservative investments and employed in speculative ventures. Securities, including bonds which were unquestionably safe, have found no purchasers. Political agencies and large financial concerns are censurable for encouraging speculation in preference to conservative investments. No one in authority stood in the way or resisted the movement—a movement which clearly from its inception foreshadowed disaster.

Until the storm had come in full fury little, if any, warning was given to the helpless to seek shelter from its wrath.

With the whole world copying the efficiencies of the United States, buying our goods and looking with jealous eyes at our great storehouses of wealth and gold, we witness the humiliating spectacle presented in the collapse of the New York Stock Exchange—a collapse greeted by foreign experts as a great relief to their business institutions.

One sympathizes only with those who were deluded into the purchase of securities at prices which bore no relationship to their present or prospective values. How pitiable would be the narrative, if it could be fully told, of the thousands who have been plundered by a financial system of transactions which finds approval neither in economics nor in morals! Happily the storm is receding, but what a wreckage is visible in its wake! Everywhere the surface of the financial sea reveals broken masts and fallen spars. Along the beach are stranded shattered hulks and wasted cargoes.

Will the scavengers of the financial sea feast and fatten upon the garbage and the refuse?

It may be well to trace the beginning of this calamity. If the foundation of the belief of ruined investors was faith in the strong position of American industry, it is also true that the prophets and high priests of American prosperity, represented by no less personalities than a former President of the United States, the Secretary of the Treasury, and the former Secretary of Commerce, now President, contributed by unduly and repeated optimistic statements to the creation of enthusiastic if not frenzied ventures in stocks. The good faith of these gentlemen may not be impugned except in so far as their zeal is justly attributable to the desire for that partisan political advantage which is so often derived from real or fancied business conditions. Had the Democratic Party been in power when the stampede on the stock exchange occurred the ruinous results would have been charged by Republican leaders to the financial policies of the administration. Whatever causes may have contributed to the trouble, it must be admitted that neither the President, the Secretary of the Treasury—the greatest since Alexander Hamilton, we are told—nor any other leader or agent of the administration took adequate steps to prevent the collapse, which they should have known must follow the orgy of speculation stimulated by their utterances; nor were any appropriate steps promptly taken to stay or check the recession when it passed below the sane economical level—the level established by the due and proper influence of the capital involved and the earning power.

The power and prestige of the United States has been greatly lessened in the eyes of everyone. All Americans shrink with shame at the humiliating spectacle. In justice and in fairness the hope is born that readjustment will be prompt and recovery speedy. That in the future prudence and sound judgment will predominate; that political authorities will refrain from fanning speculative enthusiasm into a flame and then refusing to quench the flame before it has consumed so much of the wealth and destroyed so much of the happiness of blameless and innocent people.

In a belated effort to stabilize conditions the Assistant Secretary of Commerce delivered a radio address last night in which he attributes the panic on the stock exchange to boom psychology, and in which he asserts that the purchasing power of the public has not been diminished materially. It sounds like irony when Mr. Klein declares:

"The growth of the income of the Nation and the advance in the well-being of its business men, its wage earners, and its farmers during recent years has not been due to boom psychology nor to temporary and fleeting causes."

It is neither necessary nor wise to employ now the same processes of exaggeration which resulted in excessive speculation. Everyone knows that among farmers and among many small business men in other industries there has existed for a long period alarming depression. Congress is in extraordinary session in recognition of that fact. There has been substantial diminution in the purchasing power of consumers, due not alone to the losses and bankruptcies which have occurred through stock transactions but due in part to the natural and logical reactions which always follow periods marked by unusual speculation—reactions which bring contraction and slowing-down processes in various spheres. Confidence will return and stocks will recover so that their prices will bear fair relationship to actual values. These conditions and results, however, may best be promoted by frank recognition of the certainty that conservatism will supersede recklessness in business affairs and that this may mean some shrinkage in the volume of business transacted for a considerable time.

THE F. H. SMITH CO.

Mr. BROOKHART. Mr. President, some time ago I offered a resolution to investigate the operations of the F. H. Smith Co. and other like companies here in this city. Since then the Department of Justice has made an extensive investigation of that affair. I learn that this Smith Co. outfit is still engaging in this business through the mails and other instrumentalities of the United States. I therefore desire to have inserted in the RECORD the information the Department of Justice has furnished me at my request.

I especially want to call attention to a letter to Mr. R. Golden Donaldson, of Washington, D. C., who I believe is a lawyer and a banker, in reference to a case in which he received some $35,000, what we would ordinarily call a "rake-off," in these transactions, all of which is unethical for a lawyer and banker. I am informed that there are 20 or 30 of those cases in which he so participated.

I am having this matter printed at this time as a special warning to the people of the country to keep out of these investments, and to caution them, if they already have investments, to go to their own reliable banker or to one of the better business associations before they transfer back to this company any paper they now hold, because the company is practicing as great frauds in buying back this paper as it did in issuing the original paper.

For these reasons I ask that this document be inserted in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

IN THE SUPREME COURT OF THE DISTRICT OF COLUMBIA

THE UNITED STATES *v.* JOHN DOE

No. —, original. Criminal docket

Now comes the United States, by Nugent Dodds, special assistant to the Attorney General thereof, and, in answer to motions to quash subpœnas duces tecum heretofore issued and served upon the F. H. Smith Co., a corporation; the F. H. Smith Co. of Virginia, a corporation; the F. H. Smith Investment Co., a corporation; the Union Trustee Co., a corporation; the Smith Selling Co., a corporation; and the Columbia Trustee & Registrar Corporation; and subpœnas heretofore issued and served upon B. F. Viehmann, J. W. Tastet, M. M. Nelson, B. F. Dawes, and George E. Schroebel, says:

That each and every of the books, papers, records, documents, and writings designated in said subpœnas duces tecum are required to be produced as ordered in said subpœnas for the examination of the grand jury before which is now pending an investigation in respect to alleged criminal conduct of divers persons and corporations in connection with the affairs of the F. H. Smith Co., the F. H. Smith Investment Co., the Smith Selling Co., the F. H. Smith Co. of Virginia, the Columbia Trustee & Registrar Corporation, the Union Trustee Co., and other corporations hereinafter named; and concerning the conduct of the following-named persons, among others, in respect to their dealings with the above-named corporations, and with other persons and corporations; G. Bryan Pitts, Samuel J. Henry, C. Elbert Anadale, Henry C. Maddux, R. Golden Donaldson, Daniel R. Crissinger, Frederick N. Zihlman, John H. Edwards, jr., and others.

Concerning the matters that are to be presented to said grand jury for its investigation and in response to and particularly answering paragraphs 5 and 6 of the motion to quash that subpœna duces tecum heretofore issued to said the F. H. Smith Co., said special assistant to the Attorney General says that he has been informed, and is about to present evidence to the grand jury, of the following:

That: In 1873 the F. H. Smith Co. was established by one Francis H. Smith, in Washington, D. C., to conduct a real-estate loan and insurance business. The company was unincorporated until May 13, 1901, at which time it obtained a charter from the State of Delaware, as the F. H. Smith Co. On May 27, 1920, another corporation, the F. H. Smith Investment Co., was organized, also under the laws of Delaware, with G. Bryan Pitts and Samuel J. Henry as two of the officers and directors. Pitts and Henry were also officers of the previously incorporated the F. H. Smith Co. The prior corporation, the F. H. Smith Co., became inactive, and, on July 8, 1926, changed its name to the Smith Selling Co., and the F. H. Smith Investment Co. then changed its name to the F. H. Smith Co. Pitts and Henry were officers of all of these corporations. Branch offices were maintained in New York City, Chicago, Boston, Minneapolis, and other large cities.

The new the F. H. Smith Co., organized by amendment to the charter of the F. H. Smith Investment Co. on July 8, 1926, as aforesaid, has not conducted a real-estate loan and insurance business as a successor of the old the F. H. Smith Co., but, since its organization, has been engaged largely in financing the construction of buildings in some of the larger cities of the United States—not as a matter of loaning money to outside persons and corporations originating such projects, but as enterprises of the F. H. Smith Co. itself, through associated corporations created and organized by the officers of the F. H. Smith Co. and their associates and employees. During the last few years G. Bryan Pitts has been chairman of the board of directors; Samuel J. Henry, president; one C. Elbert Anadale, first vice president; and John H. Edwards, jr., a vice president.

During this latter period the company has been engaged largely in the business of selling real-estate bonds purporting to be secured by mortgages on divers properties in the cities of Washington, D. C.; Pittsburgh, Pa.; Philadelphia, Pa.; Buffalo, N. Y.; and Orange, Va. The general plan of operation has been to organize corporations officered by employees or associates of the F. H. Smith Co. or of said Pitts, Henry, and Anadale. Such corporations would then acquire the title to real estate in one of the cities above named, which property was usually personally selected and purchased by and through said Pitts and said Henry. Thereupon the corporation that had been formed for that purpose would issue its bonds purporting to be secured by a mortgage upon that land and the building to be erected thereon. These bonds would then be sold to the public in an amount approximately sufficient to pay for the construction of the building and a profit of about 15 per cent to the F. H. Smith Co. Subsequently the title to the property would be transferred to some other corporation, likewise organized by and officered by Pitts and Henry or their associates. A new mortgage would then be executed by the new corporation in a much greater sum than the original mortgage, and more bonds would then be issued. These bonds would also be sold to the public by said the F. H. Smith Co., which would get for its service in such sale approximately another 15 per cent. Subsequently a further mortgage or mortgages would be made, the last of which would be used as the basis of still another bond issue, which latter bonds would also be sold to the public, purporting to be secured by the same properties. In connection with the sale of these latter bonds another "profit" would be taken by the F. H. Smith Co.

In each instance, as above suggested, the corporations that issued the bonds were creatures of the F. H. Smith Co. and its officers above named. Also, the trustees to whom the mortgages were made securing those bond issues were either Pitts and/or Henry personally or corporations controlled by officers of the F. H. Smith Co. Thus the mortgagors, the mortgagees, and the corporation that advertised and sold the bonds were practically identical.

As buildings were constructed by the straw corporations, the money realized from the original construction bond issues was held by the F. H. Smith Co., to be paid to such contractors as were engaged to do the construction work. The contracts for construction were awarded upon bids submitted to the F. H. Smith Co., who held the construction funds, as aforesaid, and supervised and controlled the erection of all buildings. The bids were passed upon and contracts awarded by said Pitts and said Henry, as officers of said the F. H. Smith Co. It was a common practice for those officers, who thus had control of the awarding the contracts, to surreptitiously demand and receive from some one of the bidding contractors personal gratuities aggregating, in many instances, $30,000 or more in consideration of their acceptance of that contractor's bid.

Said the F. H. Smith Co. had, as aforesaid, branch offices in many large cities—the general office being at Washington, D. C. These offices were headquarters for State agents and representatives who were engaged in selling real-estate bonds of the kind and nature above mentioned to the public, and who were also engaged in selling stock in the F. H. Smith Co. by personal solicitation. In 1926 and the years following difficulties were encountered in the personal sale of such securities in several States. On August 24, 1926, the Ohio State Securities Commission refused to grant a license to sell their securities in that State. On May 24, 1927, their license in Pennsylvania was revoked. On August 29, 1927, the State of Indiana also revoked their license. On March 6, 1929, the State of Minnesota revoked their license and refused them permission to sell their securities in that State; and on June 12, 1929, their license was suspended in the State of New York. On December 19, 1927, at a meeting of the board of directors of said the F. H. Smith Co., attended by Directors G. Bryan Pitts, Samuel J. Henry, John H. Edwards, jr., Daniel A. Crissinger, Frederick N. Zihlman, and Ezra Gould, it was resolved that the F. H. Smith Co.,

having been deprived of its right to sell securities through agents in those States in which their licenses had been suspended or revoked, would continue to sell to the residents of those States by the use of the mails; and a mail-order department was thereafter maintained and extensively operated by the corporation, and many bonds and stocks were sold by mail in those States. During the course of the existence of the present the F. H. Smith Co.—that is, from July 8, 1926—and its immediate predecessor, the F. H. Smith Investment Co., more than 30 other corporations were organized in the course of its dealings of the nature above mentioned—among others the following:

Hamilton Hotel Corporation—C. Elbert Anadale, secretary and treasurer; G. Bryan Pitts, director.

Wilkins Corporation—G. Bryan Pitts, president; Samuel J. Henry, vice president; C. Elbert Anadale, secretary and treasurer.

Consolidated Hotel Co.—G. Bryan Pitts, president; Samuel J. Henry, vice president; C. Elbert Anadale, secretary and treasurer.

Chesapeake Building Co.—William Frank Thyson, president (renting agent for the F. H. Smith Co. properties).

Rochester Corporation—Henry C. Maddux, president.

Hamilton Hotel (Inc.)—Henry C. Maddux, president.

Hamilton Hotel Co.—Henry C. Maddux, president.

Arco Hotel Co.—Henry C. Maddux, chairman of the board.

Properties Investment Corporation—Henry C. Maddux, president.

Fifth Avenue Apartment Corporation—Edward J. Brennan, president (manager of Hamilton Hotel); William Frank Thyson, secretary.

Fairfax (Inc.), of Pittsburgh—Henry C. Maddux, president.

Glenmore (Inc.)—Henry C. Maddux, president.

Washington-Pittsburgh Holding Corporation—Henry C. Maddux, president.

Berkshire Corporation—William F. Jorgensen, president (manager of insurance department, the F. H. Smith Co.).

Cavalier Corporation—Henry C. Maddux, president.

Pemberton Building Co.—Alexander Suter, secretary (business associate of Pitts).

Drummond Apartment Corporation—Alexander Suter, president.

Fairfax Apartment Corporation of Buffalo—Henry C. Maddux, president.

Beverly Building Co.—William Frank Thyson, secretary.

Law and Finance Building (Inc.)—Henry C. Maddux, president.

Metropolitan Properties Corporation—Henry C. Maddux, president.

Columbia Trust Co.—Samuel J. Henry, president; C. Elbert Anadale, vice president.

Columbia Trustee and Registrar Corporation—Samuel J. Henry, president; C. Elbert Anadale, vice president.

Union Trustee Co.—C. Elbert Anadale, president; John H. Edwards, jr., vice president.

Hartland Apartment Co.—William Frank Thyson, president.

McKinley Co.—William Frank Thyson, president.

New Amsterdam Co.—Alexander Suter, vice president; J. Henry Brown, assistant secretary (superintendent Smith Building).

Fremont Corporation—Henry C. Maddux, president.

Martinique (Inc.)—Henry C. Maddux, president.

Jefferson Apartments (Inc.)—Alexander Suter, secretary-treasurer.

James Madison Hotel (Inc.)—Henry C. Maddux, vice president.

Maddux Hotels (Inc.)—Henry C. Maddux, president; J. Maynard Magruder (formerly vice president the F. H. Smith Co.), vice president; Paul J. Dundon (formerly comptroller the F. H. Smith Co.), secretary-treasurer.

Specific instances—concerning which evidence is to be presented to the grand jury—of the manipulation of property by the F. H. Smith Co., its officers and agents, and associates, follow:

THE HAMILTON HOTEL, WASHINGTON, D. C.

In 1921 one Felix Lake obtained a 60-day option on the two lots on which the Hamilton Hotel now stands. Shortly thereafter Lake was approached by G. Bryan Pitts and an associate, who asked him for a two-thirds interest in the properties, in return for which they would finance the erection of a new hotel and give Lake one-third interest in the profit. Lake agreed to this and the property was purchased. The total cost of the land was approximately $340,000. The construction of the building cost approximately $1,200,000, a total cost of approximately $1,540,000.

The first mortgage on this property was executed by the Hamilton Hotel Corporation, which had been lately organized. The trustee named in this mortgage was said Samuel J. Henry, and the said Pitts and Anadale soon thereafter became officers of that corporation. Against this first mortgage the sum of $1,200,000 in bonds were issued and sold to the public. On the same day—July 1, 1921—a second mortgage was executed by said the Hamilton Hotel Corporation to said Pitts and another as trustees, purporting to secure one Francis Cook, a clerk of the F. H. Smith Co., for a purported advance in the sum of $600,000. This mortgage was later released and another second mortgage, in the sum of $1,000,000, was executed on February 2, 1924, advancing the total mortgage indebtedness at that time to the sum of $2,200,000. A month prior to the execution of this second mortgage an audit of the affairs of the Hamilton Hotel Corporation had disclosed a deficit of $359,000, and it subsequently became bankrupt. This latter mortgage in the sum of $1,000,000 was, in the meantime, on March 31, 1925, foreclosed, and the many creditors of the corporation who had taken bonds secured by that mortgage in lieu of money due them lost all but 4 per cent of their respective accounts by reason of the fact that the property, which was bid in at the mortgage sale by one Thyson, as an agent of Pitts, brought only $54,500, subject to the first mortgage of $1,200,000. Divers creditors were requested by Pitts to refrain from bidding at the sale, and were promised a consideration so to refrain. On April 1, 1925, the title to said property passed to the above-mentioned Anadale, vice president of said the F. H. Smith Co., by assignment of the right that said Thyson had acquired at the mortgage sale. Shortly thereafter Anadale deeded the property to the Wilkins Corporation, after leasing the hotel itself to the Consolidated Hotel Co., of which Anadale was president, and of which said Pitts and said Henry later became officers. The controlling interest in the capital stock of the Wilkins Corporation was owned by said the F. H. Smith Co., and the officers of the Wilkins Corporation were also the said Pitts, Henry, and Anadale. Four months after the transfer of the legal title to the said Wilkins Corporation the Hamilton Hotel Corporation, of which said Pitts had become the managing director, was adjudged a bankrupt. The books of account could not be found, and the creditors' claims were entirely lost. On January 5, 1927, the Wilkins Corporation transferred the title to said hotel to the Chesapeake Building Co., which never had any active corporate existence. From the Chesapeake Building Co. the legal title was transferred, on April 28, 1927, to the Rochester Corporation, and thereupon the Consolidated Hotel Co., who had theretofore operated the hotel under a lease, as aforesaid, also became bankrupt. Thereafter, on July 6, 1927, the Rochester Corporation executed a mortgage in the sum of $1,550,000 to the Southern Maryland Trust Co., trustee, of which latter company said Samuel J. Henry was president. This mortgage refunded and increased the original first mortgage of $1,200,000, and is still an encumbrance on the property. Bonds for the full amount—$1,550,000—were issued and sold to the public. Thereafter, on December 10, 1928, one Henry C. Maddux—the Properties Investment Corporation—purchased the entire property for approximately the amount of the first and second mortgages that then existed, in the aggregate sum of $1,800,000. On the same day that this property was so purchased by the Properties Investment Corporation, an additional mortgage was made and used as the basis for still another issue and sale of bonds in the aggregate sum of $1,050,000. The two trustees involved in this transaction were the Union Trustee Co. (whose officers were Anadale, Edwards, and Miller, of the F. H. Smith Co.), and the Columbia Trustee & Registrar Corporation (whose officers were Henry, Anadale, and Trimble, of the F. H. Smith Co.).

Thus the Hamilton Hotel property, the operation of which had been the subject of two bankruptcies, and which had been purchased by Pitts and his associates at the above-mentioned foreclosure sale for approximately $1,300,000, was made and now is the purported security for bond issues in the aggregate sum of $2,800,000, of which bonds $2,600,000 were sold to the public.

At the time of the sale of the last $1,050,000 bonds purporting to be secured by this property an appraisal of the property by Ford, Bacon & Davis, of New York City, to the effect that the property and equipment was worth more than $3,000,000, was extensively circulated through the mails. Ford, Bacon & Davis also appraised many other properties which were promoted and financed by the F. H. Smith Co. and its officers. The circumstances under which such appraisals were made merit the investigation of the grand jury, as is indicated in the photostats following, said Umsted, to whom the following memorandum is addressed, being then the president of the Hamilton Hotel Corporation, and said Roth being employed from time to time to obtain such appraisals as were desired.

"Memorandum for Mr. Umsted

"Please let this serve as a memorandum to ask Whiteford to send me a copy of H. D. Tudor's memorandum on adjustments to be made out of the $3,600,000 second trust on the City Investment Building. I think there are several copies in the City Investment folder which he has.

"Roth is going to Cleveland to-night. He will wire you at the Hamilton to-morrow night for an appointment, his idea being he go to Washington at his own expense, together with the manager of Ford, Bacon & Davis, to look over our properties in a general way with you for the purpose of seeing whether Ford, Bacon & Davis can issue appraisals of sufficient size to justify loans against our equities. He tells me that Ford, Bacon & Davis made an appraisal of $4,300,000 for the Southern Building, against a previous best appraisal in Washington of $2,700,000 and that it was on the basis of this appraisal that he was able to get a new first mortgage of $2,100,000 and a new second mortgage of $400,000, or a total of $2,500,000, although the building actually cost Walker in the first place only $1,750,000.

"APRIL 29, 1924."

Journal entry

	Debit	Credit
Administration expense control	$500	
Administration expense, general, to suspense, Colorado Building Corporation		$500

EXPLANATION

December 15, 1924, above company paid by its check No. 113 to Richard Roth for services rendered in securing appraisal for our account on Hotel Hamilton.

Entered October 29, 1925. W. R. HIRT.

JULY 14, 1925.

CAVALIER APARTMENT HOTEL, WASHINGTON, D. C.

This building was completed in 1927 on a tract of land at 3500 Fourteenth Street NW., Washington, D. C. The land was purchased for approximately $172,000, and the Hilltop Manor Co. erected the 8-story apartment building now known as the Cavalier Apartment Hotel, at a cost of approximately $1,400,000, which was loaned to that company by the F. H. Smith Co., and bonds in that sum were sold to the public by the F. H. Smith Co. G. Bryan Pitts appears as trustee in the mortgage. The Hilltop Manor Co. subsequently got into financial difficulties and applied for an extension in connection with its mortgage indebtedness. Pitts insisted on immediate payment, and the Hilltop Manor Co. abandoned the entire property to him. The building was then practically completed, and was finished by Pitts for a small sum. The following fall—1928—the property was deeded to the Berkshire Corporation, whose president was an employee of the F. H. Smith Co. Subsequently, within two or three months, the property was deeded to the Cavalier Corporation, and on the same day a refunding mortgage in the sum of $1,950,000 and a further mortgage in the sum of $350,000 were placed on the property. One million nine hundred and fifty thousand dollars of bonds were issued against the mortgage in that sum. Subsequently, in May, 1929, the F. H. Smith Co. offered for sale through the United States mails bonds purporting to be secured in part by the said mortgage in the sum of $350,000, thus increasing the issues to be secured by mortgages on this building to the aggregate sum of $2,300,000, and this when, as aforesaid, the said property had actually cost approximately $1,500,000 within two years of that time. The trustees in each of the three mortgages were corporations whose officers were also officers of the F. H. Smith Co.

FAIRFAX APARTMENT HOTEL, PITTSBURGH, PA.

In November, 1925, G. Bryan Pitts and Samuel J. Henry selected a site for the erection of an apartment building at 4614 Fifth Avenue, Pittsburgh, Pa. This site was purchased for $92,500, the contract being executed by John A. Wahl, an employee of the F. H. Smith Co., and the property was deeded in 1926 to the Fifth Avenue Apartment Corporation, of which W. F. Thyson, a rental agent for the F. H. Smith Co. properties, was secretary. A mortgage—G. Bryan Pitts, trustee—was immediately executed in the amount of $1,500,000, and bonds in that sum were sold to the public by the F. H. Smith Co. The building was erected for approximately $1,200,000. The F. H. Smith Investment Co., operating with said the F. H. Smith Co., was the custodian of the proceeds of the bond issue used to construct the building. At this time—January, 1926—the law firm of Donaldson & Johnson, of Washington, D. C., were under a retainer of $2,500 per month as attorneys for said the F. H. Smith Investment Co. Officers of the F. H. Smith Investment Co. were to and did pass upon bids submitted for the erection of the building and award the contract. At this time R. Golden Donaldson, of the aforesaid law firm of Donaldson & Johnson, who were under retainer, as aforesaid, to the said F. H. Smith Investment Co., demanded and subsequently received from the contractor who ultimately received the contract $30,000 in consideration of the services rendered by said R. Golden Donaldson in assisting said contractor to secure the contract for the erection of said apartment house.

In May, 1928, the property was deeded to a new corporation known as the Fairfax (Inc.), of Pittsburgh. On the following day two new mortgages, one in the sum of $2,140,000 and one in the sum of $860,000, were made by the new corporation on the same property. The trustees of both of these mortgages, aggregating $3,000,000, were corporations whose officers were also officers of the F. H. Smith Co. Bonds were sold until an aggregate of $2,140,000 were outstanding, purporting to be secured by this property; and, subsequently, another issue was sold against the $860,000 mortgage and other worthless securities.

Thus, the total sum of the mortgages on this property, against which bonds were sold to the public, was $3,000,000, in spite of the fact that the building had been erected and equipped the previous year at a total cost of approximately $1,500,000, which included the furnishings thereof and the land upon which it was erected. In computing the cost of the property at the aforesaid approximate sum of $1,500,000, no deduction has been made of the gratuity of $50,000 exacted by the F. H. Smith Investment Co.'s attorneys from the contractors.

(See exhibits following.)

WASHINGTON, D. C., *January 11, 1926.*

Mr. R. GOLDEN DONALDSON,
Washington, D. C.

DEAR SIR: Pursuant to our verbal agreement and in consideration of the services rendered by you in assisting us to secure, through the F. H. Smith Co., the contract for the erection of an apartment house in Pittsburgh, to be known as the Fifth Avenue Apartment, we agree to pay you the sum of thirty-five thousand dollars ($35,000), as follows: Five thousand dollars ($5,000) out of each of the first three payments received by us on account of the contract, and ten thousand dollars ($10,000) out of each of the next two payments received by us on account of the contract. If we are paid in full for the building in a less number of payments, then the balance due you shall be paid out of the final payment to us.

This is contingent upon our signing contract with the owner of said building on terms satisfactory to us.

Very truly yours,

BOYLE-ROBERTSON CONSTRUCTION CO.,
J. C. ROBERTSON, *Treasurer.*

Approved and agreed.

R. G. DONALDSON.

July 6, 1926. Received $5,000 on account. A. B. Engel.
August 6, 1926. Received $5,000 on account. A. B. Engel.
September 8, 1926. Received $10,000 on account. R. G. D.
October 8, 1926. Received $5,000 on account. A. B. Engel.
November 6, 1926. Received $5,000 on account. A. B. Engel.

EXTRACTS FROM MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS OF THE F. H. SMITH INVESTMENT CO., HELD DECEMBER 24, 1925

A meeting of the board of directors of the F. H. Smith Investment Co. was held at the offices of the company, 815 Fifteenth Street NW., Washington, D. C., on Thursday, the 24th day of December, 1925, at 11 o'clock a. m., in the forenoon, said meeting having been duly called by order of the chairman of the board of directors.

The bond-purchase agreement executed between the Fifth Avenue Apartment Corporation and the company, dated November 27, 1925, for the purchase of an issue of first-mortgage bonds in the sum of $1,400,000 was presented for consideration.

Mr. Pitts moved the following resolution:

"*Resolved,* That the bond-purchase agreement between the Fifth Avenue Apartment Corporation and the F. H. Smith Investment Co. be in all respects ratified and approved and the proper officers of the corporation are hereby authorized to do any and all acts necessary to carry out its terms, and that a copy of said agreement be filed in the record book of the corporation."

The resolution having been seconded and a vote taken thereon, the resolution was declared unanimously adopted.

The chairman presented the matter of the retainer of Messrs. Donaldson and Johnson.

Mr. Henry moved the following resolution:

"*Resolved,* That Messrs. Donaldson and Johnson be retained as attorneys for the corporation for the period from January 1 to July 1, 1926, at a retainer of $2,500, payable monthly."

The resolution having been seconded and a vote taken thereon, the resolution was declared unanimously adopted.

C. ELBERT ANADALE, *Secretary.*

LAW AND FINANCE BUILDING, PITTSBURGH, PA.

The site for this building was selected by G. Bryan Pitts, Samuel J. Henry, and one Philip M. Jullien, an architect of Washington, D. C. A sale contract was made in the name of a stenographer in the office of said Jullien. The purchase price of the land was $287,500. Deeds were made to the Beverly Building Co.—William F. Thyson, secretary-treasurer—in September, 1926. The construction of the building was completed in the early part of the year 1928 at a cost of approximately $1,237,000, which, adding the cost of the land, brought the total cost to approximately $1,500,000. First-mortgage bonds were sold for the latter sum, the mortgage naming Samuel J. Henry as trustee. On May 14, 1928, said building was deeded to the Law and Finance Building (Inc.)—Henry C. Maddux, president—and two new mortgages were executed on the following day in the aggregate sum of $3,350,000—one in the sum of $2,400,000 and one for $950,000. Against these mortgages bonds were sold in the aggregate sum of $2,400,000, and a further issue of bonds was advertised, and "interim receipts" therefor sold, based, in part, upon the $950,000 mortgage last above mentioned. As a consideration for awarding the contract for the construction of this building to the contractors who erected it, said Pitts and said Henry exacted a gratuity in the sum of $30,000, which was paid in cash. Said Henry was the trustee named in the construction mortgage, and both were executive officers of the F. H. Smith Co.

SALE OF PREFERRED STOCK

During the past two years preferred stock of the F. H. Smith Co. has been continuously advertised, offered and sold to the public, in an aggregate sum of several million dollars. Representations were made to the effect that the average net earnings of the company were more than twice the amount required to pay the stipulated annual dividends on all preferred stock outstanding. Such representation of net annual earnings is at variance with all information that has been available to the Government and merits investigation by the grand jury. Further, such preferred stock has been frequently offered to holders of mortgage bonds for exchange for such bonds; such exchanges, and all sales of stock, have been made on the basis of the par value of the stock, and much has been so disposed of, through the mails, to persons in distant States at times when—unknown to such prospective purchasers—the

stock was being offered for sale by divers brokers in Washington, D. C., at approximately 70 per cent of the par value thereof; and, further, that the funds of the corporation have been dissipated by the payment of salaries as great as $90,000 per year each to said Pitts and said Henry; and by the payment of large sums as dividends to said Pitts and said Henry as the owners of practically all of the common stock, thus greatly diminishing the assets upon which the preferred stockholders are dependent for the security of their respective investments.

Wherefore, each and every of the said books, papers, records, documents, and writings designated in said subpœnas duces tecum, and each and every of the witnesses named in all of the subpœnas issued in this connection are required in the investigation by said grand jury of the matters hereinbefore mentioned, and in the investigation by said grand jury of many other alleged crimes and misdemeanors on the part of divers of the persons and corporations herein named.

NUGENT DODDS,
Special Assistant to the Attorney General.

FLATHEAD INDIAN POWER SITES

Mr. SCHALL. Mr. President, I submit a resolution, which I ask may lie on the table.

The resolution (S. Res. 145) was ordered to lie on the table.

The resolution is as follows:

Whereas according to documentary evidence brought out at the hearing now being held by the Federal Power Commission in the matter of leasing the Flathead power sites, one of the applicants for a temporary permit spent considerable sums of money on Indian powwows and used other improper means of influencing the Indians who own the power sites; and

Whereas according to documentary evidence, brought out at the hearings now in session, officials and agents of the Rocky Mountain Power Co., one of the applicants for a preliminary permit and license for the development of the Flathead power sites, made donations to churches, clubs, athletic associations, and various organizations, spent sums of money to entertain certain conventions, and even defrayed the funeral expenses of a certain man; and

Whereas the salaries and expense accounts of certain officials and agents of the Montana Power Co. were charged to the preliminary development as a part of the prelicense costs incurred by the Rocky Mountain Power Co.; and

Whereas officials of the Rocky Mountain Power Co. made affidavits that these charges were part of the legitimate cost and actual legitimate investment in development of the Flathead power sites, as to which the Rocky Mountain Power Co. has applied for a temporary permit and license; and

Whereas the accountant and solicitor of the Federal Power Commission in written opinions pointed out that those charges were illegal and should not be allowed and would open the door to fraud, deception, illegal transactions, and were against public policy; and

Whereas other higher officials of the Federal Power Commission recommended that these fictitious claims be allowed, despite these unequivocal protests; and

Whereas if allowed, these fictitious and illegal claims would have been made the basis for rate-making purposes and would have thus imposed an unfair burden upon the consumers of power developed by the Flathead sites; and

Whereas these fictitious and illegal costs would also have been part of the recapture price which the United States Government would eventually have had to pay for these sites; and

Whereas the ultimate effect of the approval of these fictitious and illegal costs clearly tended to defraud the Government of the United States; and

Whereas the Federal statutes and also the regulations of the Federal Power Commission provide penalties for the making and approval of false affidavits in connection with costs connected with preliminary developments of power sites: Therefore be it

Resolved, That the Committee on Interstate Commerce be authorized and directed to make a full and searching investigation into the circumstances surrounding the application of the Rocky Mountain Power Co. for the development of the Federal power sites; to investigate the reasons why the recommendations of the accountant and solicitor of the Federal Power Commission were overruled by higher officials; and to ascertain whether fictitious and illegal claims of this character have been made the basis for rate-making purposes in other applications for power sites; and to report to the Senate its findings in the premises, together with recommendations for the correction of abuses that may be found to exist; and be it further

Resolved, That the findings of this committee be laid before the Attorney General of the United States, and, if, in his opinion, a crime has been committed, it shall be the sense of the Senate that he shall promptly proceed to take the necessary steps for the prosecution of those who, in his opinion, may have violated the law.

Mr. SCHALL. In support of the resolution and to accompany it I submit a formal opinion of Charles A. Russell, Solicitor of the Federal Power Commission, in connection with the Flathead power site application, which I ask may be printed in the RECORD.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

FORMAL OPINION OF CHARLES A. RUSSELL, SOLICITOR OF THE FEDERAL POWER COMMISSION, IN CONNECTION WITH FLATHEAD POWER SITE APPLICATION

FEDERAL POWER COMMISSION,
Washington, September 30, 1929.

SOLICITOR'S OPINION NO. 8

(L-Opinions-Formal (Solicitor). Flathead Lake project, No. 5, Montana. Rocky Mountain Power Co.)

Memorandum for Mr. King, chief accountant

You have submitted to me the record in the above-entitled matter, consisting of the files of the commission, and have asked advice of this office upon the question of the inclusion in the prelicense cost of the project of the items named above.

Payment to Chas. T. Main (Inc.) for cancellation of contract	$10,000.00
Interest	14,090.16
Salaries for officials of the Montana Power Co	40,998.16
Other items charged to the expense accounts of F. M. Kerr and other officials of the Montana Power Co., approximately	20,000.00
Total	85,088.76

STATEMENT OF THE CASE

The application of the Rocky Mountain Power Co. for a preliminary permit, dated June 18, 1920, and subsequently filed with this commission.

An amendment to this application, to conform with the rules and regulations of this commission, was dated December 21, 1920, and filed with this commission on January 25, 1921.

No action was taken on the preliminary permit application nor has there ever been.

Application for a license, dated March 26, 1928, was filed with the commission on March 27, 1928. Orders, No. 27, were issued on May 28, 1929.

The Rocky Mountain Power Co. is owned and controlled by the Montana Power Co., and the performance of the conditions named in its application for license is guaranteed by the Montana Power Co. in writing under, and by virtue of, an instrument executed on May 23, 1928, and filed with the commission on May 24, 1928.

Early in February, 1929, the then executive secretary inquired of your office as to whether or not any determination had been made of the prelicense cost and was advised by you that none had been so made.

On February 28, 1929, Mr. J. F. Denison, who is the treasurer of the Rocky Mountain Power Co., and holds the same office with the Montana Power Co., accompanied by Mr. C. B. Smith, accountant for the Electric Bond & Share Co., left with your office a statement purporting to show the prelicense cost of this project to January 31, 1929, in the sum of $143,004.68.

Up to that time the Electric Bond & Share Co., of New York, had not appeared in the matter, so far as the record discloses, but shortly after filing of the informal statement of February 18, 1929, the Rocky Mountain Power Co., under the direction of the Electric Bond & Share Co., filed in accordance with the provisions of orders No. 27, showing the prelicense cost to January 31, 1929, which statement was sworn to on March 29, 1929, and received and filed in the offices of this commission on April 8, 1929. The latter statement, prepared by, and under the direction of, the Electric Bond & Share Co., increases the amount of the prelicense cost claimed from $143,004.68 to $180,131.52, which increase is represented largely by the claim now asserted as a claim for salaries of the officials of the Montana Power Co.

In other words, the Montana Power Co., up to the time of filing of the first statement, had not conceived the idea of charging nearly $41,000 for salaries of its officials until advised by the Electric Bond & Share Co. to include this in prelicense cost as per the last statement filed.

The record further discloses that at the time of the first prelicense statement objections were made by you to certain times therein, but no action was taken on such objections by any of the officials of the Federal Power Commission. At the time of the filing of the amended statement by the Electric Bond & Share Co. the records show that you again made written objection to the prelicense statement, under date of April 10, 1929, and the record shows no action taken on the part of any of the officials of the Federal Power Commission with reference to this last objection except that the chief engineer, Major Edgerton, suggested that in view of your objections orders No. 27 be suspended.

The record further shows that on April 26, 1929, the then executive secretary, without your approval and over your objections, addressed a letter to the Rocky Mountain Power Co. wherein he said:

"The staff of this office has examined your statement and is prepared to present, at the recommendation, your claim of $183,312.47 as representing the prelicense cost of the project as of January 31, 1929."

The copy of the letter in the files has upon it this notation: "Not approved," initialed by you.

So far as the prelicense cost is concerned, nothing has been done since that date, and the matter is now pending before the commission in the nature of an application for a license, the prelicense cost of which has been approved by the executive secretary and by him proposed to be recommended to the commission for approval.

Notwithstanding the fact that such approval has been made, and such recommendation about to be made, you have requested the opinion of this office as to the legality of such claims as a part of the prelicense cost of this project.

PAYMENTS TO CHARLES T. MAIN (INC.), $10,000

This claim is presumed to be based upon a contract or agreement, made on March 20, 1926, covering a certain engineering work for the Black Eagle Falls development and the Mulroney development for the Montana Power Co., supplemented by a letter, dated July 8, 1927, from Charles T. Main (Inc.) to the Montana Power Co., which shows that there are other jobs on which no construction work has been done except reports and estimates, as follows:

Flathead development report: Estimated cost of development, $6,700,000.

This letter from Charles T. Main (Inc.), did not constitute an amendment to the original contract as it has never been accepted formally by the Rocky Mountain Power Co.

A letter, dated July 22, 1927, signed by Mr. Kerr, as vice president and general manager of the Rocky Mountain Power Co., reads as follows:

"DEAR MR. MAIN: I have your letter of July 8 summarizing the status of our various jobs. It is agreeable to us to have these accounts considered as you have set forth in your letter, and to have our former agreement extended to cover these items. I have had no opportunity to consult with Mr. Ryan in this matter, but he will be in Montana later on, and I will then have an opportunity to take it up with him. I have no doubt he will be entirely agreeable."

This letter does not constitute unequivocable acceptance of any such thing as may be termed a contract in the letter of July 5, 1927, but in view of the decision here made it is immaterial.

The record further shows, from the statement of April 6, 1928, that the services of Charles T. Main, up to, and including, the month of November, 1928, were paid by the Montana Power Co. and the whole charged as a part of the capital expense of the Flathead project.

The record shows that in the latter part of February, 1929, the address of the Rocky Mountain Power Co. was changed to 2 Rector Street, New York, the office of the Electric Bond & Share Co.

The records further show that a letter from J. Thomas, assistant treasurer of the Montana Power Co., addressed to J. F. Denison, secretary and treasurer of the Rocky Mountain Power Co., at 2 Rector Street, dated March 23, 1929, reads in part, as follows:

"The following explanation is offered in substantiation of the payment of $10,000 to Charles T. Main (Inc.), for their withdrawal from the Flathead power development undertaking: As per written agreement between the Montana Power Co. and Charles T. Main (Inc.), it had been understood that Charles T. Main (Inc.), would supervise the plans and the construction of the power plant at the foot of Flathead Lake when the necessary Federal license had been secured. Under this undertaking they supplied the services and their obligations at bare cost, with the idea that a reasonable profit would eventually be realized when construction was authorized and begun. *Under our new relationship with Electric Bond & Share Co., however, we will be able to avail ourselves of the engineering services of that company hereafter in construction undertakings of this character, and it was considered to be the best interests of the Rocky Mountain Power Co. and the Montana Power Co. to withdraw from the contract entered into with Charles T. Main (Inc.). As a result of conferences between Mr. Charles T. Main, Mr. John D. Ryan, and Mr. F. M. Kerr, the sum of $10,000 was agreed upon as a fair and equitable measure of profit accrued to Charles T. Main (Inc.), under the contract.* (Italics mine.)"

In the last analysis it amounts to a claim for unliquidated damages for breach of contract between the Montana Power Co. and Charles T. Main (Inc.), as directed by the Electric Bond & Share Co. to which this applicant was not a party.

BRIEF

Under the act this commission is directed to find the actual legitimate cost of construction of the project so that whether the $10,000 was paid by the Montana Power Co. or not is here immaterial. It was an actual legitimate cost of construction of this project and should not be included under any circumstances. We are dealing with fair value. We are dealing with the water power act and under the law which controls the activities of this commission such amount of $10,000 can not, and must not, be included in the actual cost of construction because it is not any such thing. If the Electric Bond & Share Co. is taking over the supervision of this company's affairs, and before so doing desire to eliminate Chas. T. Main (Inc.) and cause that contract to be abrogated, that is its business, but it is an improper charge to the actual cost of the construction of the project upon which the public will be required to pay rates and which sum is returnable to the licensee at the termination of the license and paid by the Government. The claim is so preposterous, in the face of the statute, that it does not seem to need further discussion.

INTEREST

This claim is based upon a computation for interest on moneys expended by the Montana Power Co., from time to time, during the years 1920 to 1928, inclusive, plus the first month of 1929, as shown on page 11 of the statement filed by the Electric Bond & Share Co.

BRIEF

Inasmuch as this question of interest is brought forward in every case in which the capital structure or accounting matters are involved, it is deemed expedient at this time to determine the question as to the allowance of interest and thus prevent a repetition of the question as each occasion arises.

At no place in the Federal water power act is there any provision for the allowance of interest on capital amount items. Section 14, under which this proceeding is had, provides among other things:

"That the value allowed for water rights, rights of way, lands or interest in lands shall not be in excess of the actual reasonable cost thereof at the time of acquisition by the licensee * * *."

It will be noted that there is no statutory provision for the allowance of interest, but there is a provision for the determination of the actual reasonable cost only, and the time is fixed as to the time of acquisition. This is the basis of net investment, or, in other words, the actual legitimate cost of construction. (See Solicitor's Opinion, No. 2.)

Unless there is an explicit provision in the statute for the allowance of interest, it does not appear to me that such interest may be allowed. The law allows interest only on the ground of a contract, express or implied, for the payment, or as damages for the detention of money, or for the breach of some contract, or the violation of some duty, or where it is provided for by statute. (33 C. J. 182 and cases cited.)

It is very generally stated that interest is of purely statutory origin and not the creature of common law; and that interest should be refused except in such cases as come within the terms of the statute, unless it has been contracted for either expressly or impliedly. And it has been said to determine whether interest is to be allowed in a particular case is a mere matter of statutory interpretation, even where it is contended that great injustice will be done in a particular case. (33 C. L. 183 and cases cited.)

So that, it is clear, unless there is express provision in the statute for allowance of interest, no interest can be allowed in this proceeding on these items.

The Supreme Court of the United States has held that as a general rule interest is not recoverable from the Government. (Sheckels *v.* D. of C., 246 U. S. 338.) While it may be said that this is not a strict case of recovering from the Government, yet it results in dealings between the Government and the applicant in which the Government is interested in the amount of money that it shall pay at the termination of the license, and is likewise interested in the amount of money upon which the rate shall pay a return, so that in the face of interest upon payments should be entirely eliminated from the capital account.

It may be contended that under the accounting rule of the Interstate Commerce Commission there is provision for the allowance of interest during construction, wherein the rule provides:

"This account shall also include reasonable charge for interest, during the construction period before the property becomes available for service, on the carrier's own funds expended for construction purposes."

This classification of accounts and the determination of the items to be chargeable to those accounts is based upon the act to regulate commerce. There is no provision in the interstate commerce act requiring the Interstate Commerce Commission to find the actual cost of acquisition or the actual cost of construction. The Interstate Commerce Commission is dealing with an entirely different subject. The question of net investment in the properties is not circumscribed by a strict statutory provision such as the water power act.

And, even though it were, the rule does not permit the inclusion of any arbitrary or estimated amount of interest but permits the inclusion only of such items of interest upon the carrier's own funds which were expended for construction purposes.

The classification of accounts of the Interstate Commerce Commission, controlling the commission by a statutory provision, deals with what the carriers may do subsequent to the adoption of those rules. That is, in any construction of railroads taking place after the passage of the act and the adoption of the rules the allowance of interest during that construction may be made as provided in those rules, but at no place in the interstate commerce act is there provision that the interest during construction of past performances shall be computed in that manner.

Of course, under a reproduction theory interest during construction is estimated, but we are not dealing with production values; we are not dealing with fair values; we are controlled by the water power act.

Therefore the rules set forth in the classification of accounts of the Interstate Commerce Commission, here discussed, are not applicable to the question of allowance of interest under the facts in the case where we are determining the actual reasonable cost of the acquisition of the property by the licensee.

It must be borne in mind that these prelicense costs are not in the nature of actual construction. There are costs which are expended for

the purpose of determining whether there shall be any actual construction or not, and in the nature of a protective right to the licensee or permittees, so that any expenditure by them will be protected in case they decide to begin construction subsequent to the investigation.

If there were any actual payments made of interest during this period, then it might follow that such item so actually paid would become an actual legitimate reasonable cost of such project, be a matter for determination of the actual construction cost subsequent to construction commencement.

COMPOUND INTEREST

It is the policies of the power companies, in filing their capital account statements with the commission, to compound interest. This is strictly prohibited by law, and the rule of law is that in the absence of contract, compound interest is not allowed to be computed upon a debt, and the courts look upon it with apprehension and disregard any claim for compound interest unless there is an express statutory provision permitting and allowing interest to be compounded as it is against public policy. (See sec. 33, C. J. 191, text and decisions following.)

The rule may be settled now as at some other time than under the law interest items, except during construction, will not be permitted or allowed, and I submit this memorandum to the end that the commission may ultimately and finally determine and decide that question.

There is no necessity for prolonging the discussion; there is no necessity of continuous, repeated conferences over the question. The matter ought to be settled and determined as a broad principle in the inception of the work and thus curtail the necessity for additional conferences, additional time, labor, and services.

If interest is to be allowed, as claimed under the facts in this case, or if interest is to be denied, now is the time to settle this question.

I respectfully submit that as to this claim the entire amount should be rejected as not a proper chargeable item to the actual cost of acquisition of whatever property may have been acquired thereunder.

SALARIES OF THE OFFICIALS OF THE MONTANA POWER CO. $40,998,50

This is the claim that was the afterthought of the Electric Bond & Share Co. This is another attempt to capitalize the operating expenses of a parent corporation. These expenses were paid, so far as this record show, by the Montana Power Co. many years prior to the date of the assertion of the claim before this commission. The salaries of these officials, as set forth in the new-claimed statement, are salaries of the officials and employees of the Montana Power Co. There is no question as to that statement of fact. The Montana Power Co. is a public-service corporation engaged in the distribution of electric energy throughout the State of Montana. Whatever salaries were paid to these officials, as claimed in this statement, were paid out of the operating expenses of the Montana Power Co., and as such were contributed by the public, and to now permit this company to include such salaries as the capital account of the Flathead project would be capitalizing the operating expenses of the Montana Power Co., which under the law and the decisions of the court can not be done. (See Solicitor's Opinion No. 5 and supplement thereto containing citation of authorization.)

OTHER ITEMS CHARGED INTO THE EXPENSE ACCOUNTS OF F. M. KERR AND OTHER OFFICIALS OF THE MONTANA POWER CO. APPROXIMATELY $20,000

There is included in the claimed prelicense cost, in the nature of charges actually accrued and entered in the accounts of January 31, 1929, but not paid as of that date, item representing personal expenses, donations, contributions, railroad fares, hotel expenses of divers and sundry officials employed by the Montana Power Co., and also such expenses by parties not connected with the Montana Power Co. of the Rocky Mountain Power Co., the applicant herein.

As to all of these expenses, the record discloses that while the same are itemized for each individual, the fact remains that the same records show that such itemized expenses day by day have been totaled and thereupon an arbitrary part of the total expenses of each individual charged or rendered in the nature of an account to the Rocky Mountain Power Co.

These charges, so charged to the applicant, are identified; they are arbitrarily determined from total attributable to all sorts of expenditures; totals that involve trips to New York, to Washington, Miles City, Great Falls, Billings, Wise River, and other projects that are several hundred miles distant from the project under construction, and no connection whatsoever shown as to why such expenses should be allocated to this applicant. Donations have been included in such cost running into hundreds of dollars which were made by charitable organizations in the nature of churches, the Y. M. C. A., and the Boy Scouts. There are also contributions to individuals for Indians and with no explanation as to who, why, where, what, and what for. To go into the details of these charges would be an endless memorandum, but a cursory examination of the expense accounts attached show conclusively that there is no foundation whatever for the inclusion of these items, as proposed, as to actual legitimate cost of construction or the project under consideration.

Taking up the matter of donations, contributions, etc., the commissions and courts have universally held that such charges should be borne by the stockholders and not charged to the rate payers of the utility or to the rate-buying public. No decisions are found to the contrary, and it is the universal rule that expenses for picnics, photographs of employees, rodeos, charitable organizations, magazines, newspapers, floral pieces, and music should not be imposed upon the rate payers of utilities. (See Reno Power, Light & Water *v.* Public Service Commission of Nevada, United States district court, by Judge Parrington, reported P. U. R. 1923, E 495–501.)

Charges to operating expenses consisting of donations, presents, club dues, etc., should be paid out of net earnings. (Red River Power Co. North Dakota, P. U. R. 1923 E, 534–567.)

Donations to charity can not be charged in operating costs. (In re Crystal City Gas Co., N. Y. P. U. R. 1923 E, 91–102.)

Evidence of items consisting of club dues and donations to charities were considered by the Idaho commission, and that commission said:

"The evidence does not warrant the charge of these items to the rate payer." (Idaho Power Co. *v.* Thompson, P. U. R. 1927 D, 308–402.)

The same commission, in considering donations in a similar case, said:

"* * * The commission is of the opinion that donations should be borne by the company and not by the rate payer, and so finds." (In re Boise Water Co., P. U. R. 1926 D, 321–360.)

The Pennsylvania commission has likewise followed the general rule when it said:

"Donations are payable out of fair return and will therefore be excluded from operating expenses." (Herring *v.* Clark's Ferry Bridge Co., P. U. R. 1926 D, D 514-530.)

Such expressions, of course, mean that not being chargeable or includible in operating expenses, any such donations, etc., should be paid by the stockholders and directors of the company and not be borne by the rate payers.

The West Virginia commission had definitely adopted the policy when it said:

"The company has charged to operating expense $566 donations. The commission is of the opinion that donations should be borne by the company and not by consumers, this amount is not allowed, therefore, as an operating expense." (In re Cumberland & Alleghany Gas Co., P. U. R. 1928 D, 20–76.)

These items shown on their face to be donations, according to the itemized expense account, should be totally eliminated from any computation made by this applicant as not proper charge to capital account of this applicant for the reason that if the stockholders desire to make contributions, that is their business and must be at their own expense. The rate-paying public and consumers should not be required to bear the burden of promiscuous donations, even though commendable.

Such a procedure, even though the amount involved may be small, when adopted by the Federal Power Commission would open the door to fraud, deception, illegal transactions, and against public policy, and if permitted in one instance, sanctioned by this commission, the power companies throughout the country could by donations of unlimited amounts use the rate-payer's money for the purpose of influencing opinions, controlling local politics and policies, against the will and express desire of the consuming public.

The time to stop this process is in its inception, and while I may be criticized, as I expect to be, for raising the question where the item is comparatively small, yet I do not propose to violate the oath as an attorney at law and sit idly by and permit the commission to be led into the position of recognizing and sanctioning charges of this character which would be criticized, and justly so, when this is examined in later years by those in authority. Those items being wholly contrary to statute, contrary to the decisions of the commission and the courts, can not be included or recognized in the accounts of the power companies, and to do so would be violation not only of the statute itself but would be contrary to the decisions which have been carefully considered, properly adjudged, and entered as to the policy governing the public and power companies.

Reviewing next the expense accounts filed by Mr. Kerr and other officers and employees of the Montana Power Co., it is noted that there are many, many items of uncertain description, one of such repeatedly occurring being a "special expense" item of $38. Directing your attention to the expense item of April 15, 1927, of Mr. Kerr, here is an item beginning January 14, extending through to December 31, covering a matter of a year, upon which they have allocated out of the $2,607.47 the amount of $2,000 to the capital cost of this project. This is too uncertain and too indefinite to be recognized. If any part of this sum has been paid as a part of the expense in obtaining the permit or the license of this applicant it will do no harm to point out in that account, and what part is so attributable.

Furthermore there are items included here, such as Hamilton powwow. Those of us who have lived in the far West know what an Indian powwow is; but why in the Lord's name the consumers of this utility and the general public at large should be expected to stand the expense of an Indian powwow is more than I, as a lawyer, can understand, and is probably beyond the conception of any lawyer. Such conduct can not be too severely condemned.

Again, under the expense of item of January 4, 1928, extending from October 19 to December 13, the whole amount of $2,379.39 is charged to this project. Does Mr. Kerr mean to say that during those three months

all of this expense involved this single project, or did he do some business for the Montana Power Co., for the Anaconda Copper Co., and for the Electric Bond & Share Co. during that time? It will be noted from this item that there is more than $1,200 for hotel bills alone, in addition to which there is the ever-repeated "special expense" and $100 donation to Steve Murphy. It should be interesting to have Mr. Kerr explain just who Steve Murphy is and what work he did on this development. It is unnecessary to go through each item of these expense accounts and point out the ridiculous, preposterous, and illegal claims as evidenced therein; the face of the amounts shows that.

This whole claim of this expense account should be entirely rejected and thrown out of the computation for the reason here urged with instructions to this applicant to make up a claim setting forth the identical items which are chargeable to this project, if any, without including expenditures, percentages, or deductions from items which are wholly improper.

As evidenced by the first sheet of Mr. Kerr's account, under date of March 31, 1929, there is charged to the applicant $86.14. This item is readily deducted from the claim as constituting the six items beginning with the one headed "To Missoula" and ending with the one "To Butte." Why is it necessary to encumber this record with donations to Frank A. Hazelbaker, who lives down in Beaverhead County, for making a trip to Great Falls, in no instance where he would come nearer than 300 miles from this project? Why is it necessary to include donations to Reverend Berry in Butte as "special expense" of $35 and items concerning travel outside this territory where this project is located? There can be but one answer—that it is an attempt to have the commission approve items which are wholly illegal, and, therefore, lay a basis and foundation for the injection of further illegal items into these expense accounts from time to time. This one page of the expense account can be eliminated and the item of $86.14 can be sustained, as it is undoubtedly proper, but it is not proper to have this commission assume the illegal charges which were incorporated in that bill and then accept a deduction from some one unknown to this commission and unknown to this record. That statement applies to every one of these accounts, and it is my opinion, and I suggest, that the whole of this expense account be entirely eliminated and the applicant be required to furnish an actual, detailed statement of expense which is applicable to this project.

It is not for this commission to prove what the applicant expended; it is not for this commission to detail employees to check from a lump-sum statement of any character, which this applicant may desire to present, and to undertake to prove to the commission, through its own employees that the account is correct. It is up to this applicant to present to this commission a claim that is free from doubt, that is free from criticism, and until it presents such a claim which can be ascertained, which can be understood, and which is legal in form, as to its contents and claims, the whole of this claim should be rejected.

Respectfully submitted.

(Signed) CHARLES A. RUSSELL,
Solicitor.

EXECUTIVE MESSAGES

Sundry messages in writing were communicated to the Senate from the President of the United States by Mr. Hess, one of his secretaries.

CLAIM OF CHARLES J. HARRAH AGAINST THE CUBAN GOVERNMENT (S. DOC. NO. 35)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Foreign Relations and ordered to be printed:

To the Congress of the United States:

I inclose herewith a report which the Secretary of State has addressed to me in regard to the claim of Charles J. Harrah, an American citizen, against the Government of Cuba, growing out of the destruction in 1917, by authority of the Cuban Government, of a railroad built and operated by him in the Province of Habana.

It will be noted that an agreement has been concluded with the Government of Cuba in accordance with which the claim of Mr. Harrah is to be submitted to arbitration.

I recommend that an appropriation in the amount suggested by the Secretary of State be made in order that the expenses which it will be necessary to incur on the part of the Government of the United States in the prosecution of the claim to final settlement may be met.

HERBERT HOOVER.

THE WHITE HOUSE, *October 31, 1929.*

NOMINATION OF RICHARD J. HOPKINS

Mr. TYDINGS. I submit a series of complaints and charges against Richard J. Hopkins, who has been nominated for United States district judge in Kansas, and ask that the complaints, and so forth, may be referred to the Committee on the Judiciary, which, I believe, is considering that nomination.

The VICE PRESIDENT. Without objection, it is so ordered.

BRANCH BANKING

Mr. PINE. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Branch Banking as Viewed by a Country Banker," which appeared in Bank News of September 1, 1929.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRANCH BANKING AS VIEWED BY A COUNTRY BANKER

By R. W. Hutto, cashier Security National Bank, Norman, Okla.

[Editor's note: The following statement was prepared by Mr. Hutto in response to a request from J. W. Pole, Comptroller of the Currency, that national bankers write him their views on the subject of branch and group banking.]

R. W. Hutto gives the following reasons for being opposed to the system of branch banking:

First. It is a concentration and centralization of financial structure into a few powerful groups.

Second. A system of branch banking will result in withdrawal of funds from smaller communities into the channels of trade of the larger cities.

Third. The individual initiative of the American banker will be destroyed if we adopt the branch system of banking.

Fourth. Nation-wide, or even state-wide, branch banking is not sound economically.

Fifth. Individual responsibility of a stockholder to the depositor will be lessened by branch banking.

Sixth. Branch banking will first absorb the incompetent, weak, and failing banks, thus increasing hazards of new venture.

Seventh. Branch banking will eliminate the need and lead to the official destruction of Federal reserve banks which have proven their worth to American banking and business.

Eighth. Any necessity of branch banking may be eliminated by amendments to the Federal reserve act.

Ninth. Branch banking will destroy the personal element and touch in banking.

The question of group or branch banking appeared on the horizon of our American banking system a few years ago on the Pacific coast. I remember one of the chief promoters of the idea at that time was a Mr. Giannini. This gentleman and his institution, the Bank of Italy, were held up to the members of the American Bankers Association in no enviable attitude. It was then, and I believe now, the consensus of opinion that this was a dangerous tendency and one that would lead to a decline of our present banking system.

I followed closely the discussion both for and against the McFadden bill. I was convinced that the passage of such act would not terminate this controversy. On the other hand, I was convinced that this was a compromise measure and only an entering wedge for that school of bankers whose ambition it is to establish in America the system of banking which has been in operation in European countries for several centuries.

My views are to be on the subject of branch rather than group banking. We now have sufficient laws to permit the present form of group banking which is becoming popular in certain sections. I do not object, particularly, to group banking. I believe, if we are to have either, that group banking is the lesser of the two evils. The very fact that such a system is not as flexible as the branch system and does not lend itself to domination of the parent bank so readily, in my judgment is an advantage rather than a disadvantage. Group ownership permits of some local participation in ownership and control, thereby making such individual units amenable to community needs.

This article will deal entirely with the subject of branch banking, a system of banking to which I am thoroughly opposed. With your indulgence I beg to submit in detail some of my reasons for being in this state of belief.

(1) Concentration and centralization of financial structure into a few powerful groups.

The larger cities will dominate the business interest of the remainder of the country. Such concentration of power will be a constant menace to all kinds of business, including that of banking. In 1920 and again during the present year we witnessed the storm of criticism heaped upon the Federal Reserve Board because of its exercise of power in attempting to govern interest rates. In my judgment, the power of the Federal Reserve Board will pale into insignificance compared to the power of the financial group which will come into being once our national banking laws openly permit branch ownership. Not only will money rates be regulated, but credit will be supplied when and where it is desired by such group. Such condition will apply both as to borrowed money, or credit, and to rates on time deposits or savings. Large corporations will be extended credit upon easy terms, while small independent concerns will be denied or furnished at prohibitive cost.

(2) A system of branch banking will result in withdrawal of funds from smaller communities into the channels of trade of the larger cities.

Large corporations and the big financiers of the cities will be the beneficiaries. Funds will be concentrated for use in financing the big enterprises. The city or parent bank will underwrite bond and stock issues and work them out to the interior through the medium of their branches. The credit created by the large volume of deposits of the parent bank arising from the various branches will form the basis for an enormous expansion of credit. The loanable funds of the local branch will be invested by the parent bank in bonds and other open-market paper. The matter of financing the small local merchant, the farmer, and other individuals of the rural communities will be left to local means. Such institutions as the Morris plan of banking will be the only means left for individual loans. Finance companies will be given a complete monopoly on all classes of commercial paper formerly offered to the local bank. If this tendency increases the bank in the small community will simply become a depository and no longer will its officers have any influence in the development of the community. The theory of a bank being a reservoir of credit for the needs of the local community will be set aside. When this condition prevails, then truly the savings of society will be available for the larger corporations.

UNIT SYSTEM AMERICAN

(3) National sentiment and racial prejudice alone should have an influence in molding the form of our banking system. Our banking system has been peculiarly American. The contact of some of our financiers with those of Europe and their resultant desire to imitate is responsible for the present attempt to unite our banking structure under the rule of one powerful hand. Is it possible that the people of America wish to degenerate, rather than to continue to progress? The individual initiative of the American banker will be destroyed if we adopt the branch system of banking.

(4) Nation-wide, or even state-wide, branch banking is not sound economically. Banking by reason of its nature does not lend itself to branch or chain management. Granted that the head of the branch is sincere in his desire to extend the fullest service and use of each branch to the local community in which it is located, it is not humanly possible for one man to supervise the loans and policies of 100 branches. I doubt his ability to handle successfully as many as 10. Under branch management, as I understand it, the authority for granting loans and deciding policies of management will be passed upon at the head office. The branch manager will be simply an office boy. Otherwise he must be delegated the authority to pass upon and approve security and shape the policies of his branch. The experience of the average banker will reveal the fact that with several of the best minds of the community daily consulting upon these matters serious errors are committed. Furthermore, I am thoroughly convinced from inquiries made among my personal acquaintances that no individual of any degree of financial independence will submit to the delay and consequent uncertainty in obtaining credit in a branch-bank system.

CHAIN WILL COLLAPSE OF OWN WEIGHT

I further believe that a nation-wide system of chain banking will collapse of its own weight. Only a few years ago a German venture in large finance, under the direction of Mr. Stinnes, suffered a collapse largely because of the question of management. It is a case of the tail wagging the dog. As it was in the German venture so it will be in chain banking. No one at the head office can possibly have such superhuman ability as to know at all times what is going on within the organization. Our large city banks are now becoming so large and departmentized that the matter of fixing responsibility and obtaining proper management is difficult. The bank ceases to be an institution and becomes a machine. Our old banking economist taught that along with the preacher, the doctor, and the lawyer, a man's banker bore an equally important and confidential relation. Branch banking will see the passing of another distinctly American institution.

Economically chain-store management when applied to banking is unsound, because such system can not be operated by a rule of thumb. Mr. Ford can operate his many branches because he knows just how many parts are required in the manufacture of his car. He knows exactly how long it will require a given number of men to assemble the car. If the proper number of cars are not produced within a given length of time, somebody is loafing and Mr. Ford checks up.

A grocery store can be established upon a cash basis. A pound of sugar or sack of flour can be placed on the floor at a definite, predetermined cost and sold to retail at a certain price to yield a definite profit. All of the overhead can be reasonably determined in advance. The average man or woman when making daily purchases of food is concerned chiefly with the question of price and quality. Banking, on the other hand, is not amenable to such exact administration. We know it costs so much per item to operate our bank, and the larger the volume the lesser our average cost per item. We know it requires a certain amount of overhead to take care of a given amount of deposits. Such a given amount may be doubled without appreciable additional cost. But who can forecast the local demand for loans or the probable amount of funds that will be available during the year for loaning purposes?

It is also an established fact that people do not patronize banking institutions on account of the question of cost. They are not very much concerned with rates or charges so long as they are not unreasonably high. They are more especially concerned with the matter of safety of their funds and the character of service they receive. Financial sailing with banks as well as with individuals is not always smooth. The reputation a bank has gained for assisting its patrons through rough as well as smooth sailing is a determining factor in obtaining the patronage and confidence of the local community.

INDIVIDUAL RESPONSIBILITY DECREASED

(5) Individual responsibility of a stockholder to the depositor will be lessened by branch banking. Our present national banking laws wisely provide for double liability on the part of the stockholder. The large consolidation of corporations throughout this country could not have been affected if this condition applied in the ownership of stock in private corporations as it does with banks. It is quite evident that a number of such consolidations are merely promotion schemes. The actual tangible values and earning capacities of the enterprises involved do not justify the enormous capitalization. When the same methods are applied to the stock of large branch banking institutions public confidence in our banks will decline. No individual will feel disposed to place confidence in an institution the ownership of which is uncertain, and, in like manner, the management dependent upon a group of promoters. It is a well-known fact that many corporations are now selling their stock at a price many times over the original cost of the plant or the cost of duplication. The principal that the rate of yield should govern the selling price has been lost sight of.

A CHAIN OF WEAK LINKS

(6) Branch banking, if permitted, will first absorb the incompetent, weak, and failing institutions. This of itself will increase the hazards of the new venture. In my opinion no strong bank, doing a successful business, enjoying the confidence of the community, and paying its stockholders a fair return, will wish to surrender its identity unless a large bonus is paid for the control, and far beyond the merits from an earning standpoint. This condition, as will be seen, leads again to the question of overvaluation and the watering of stocks. This will be a splendid field for the promoter, but a very poor one for the investor.

(7) Will branch banking be an improvement over our present form? Will it be an improvement upon the Federal reserve system? These should be the only justification for a change. The Federal reserve banks were organized as a means of furnishing a reservoir for credit and in aiding the interior banks better to serve their communities. We were told that the Federal reserve banks would, and did, loosen from the throats of American banking institutions the power of Wall Street banks. The menace which large independent bankers of Wall Street constantly held over American business was one of the chief incentives for an effort to establish the Federal reserve banks. We know that the Federal reserve banks have accomplished more than the greatest expectations of its organizers. If they have failed in any particular it has not been because of the limitations surrounding them, but because of the lack of proper use being made by the individual members, and possibly because of a lack of desire at times on the part of certain individuals in whom the authority of management was vested. Theoretically and practically the Federal reserve banks have proven their worth to American banking and business. They are the backbone of our financial system. Branch banking will eliminate their need and lead to their official destruction.

(8) Amendments to the Federal reserve act rather than to the national banking act will eliminate the necessity of branch banking. In the first place, the law providing that all net earnings of the Federal reserve bank in excess of 6 per cent be paid to the Government, as an excise tax, is unjust. This should be so amended as to allow the member banks at least 50 per cent of such excess earnings. Secondly, the reserve balances of member banks in the Federal reserve banks should be subject to interest earnings on a daily-balance basis. These funds are being made use of in daily market operations and are a source of profit not only to such banks but also to the Federal Government.

The two above-mentioned points are the cause of the greatest amount of dissatisfaction and criticism on the part of member banks. It is not unjust or unsound for the member banks to raise these objections. I am free to confess that such have been my objections from the beginning of operation of the Federal reserve banks.

PERSONAL TOUCH ELIMINATED

(9) Branch banking will destroy the personal element and touch in banking. Loans will be extended on a collateral basis only. Character and integrity of the individual will have no weight. Every banker has in his note case evidence of indebtedness with no other collateral except these intangible values. The willingness of the individual and his earning capacity will count for nothing. Again we shall see thrown to the trash heap one of the cardinal principals not only of banking but also of all business dealings, viz, that moral character and individual integrity are governing elements in all credit dealings. Just as the chain store sells for cash only, so will loans in a branch bank be made solely on a collateral basis. Dealing with such an institution will be as impersonal as with the local post office or railroad ticket office. Then the mythical "glass-eyed banker" will become a reality.

Banking is cooperation in its highest sense. The customers of the average bank take as keen an interest in their bank as though they were actually stockholders. They invite their friends to do business with their bank and the stranger within the gate is introduced. Statistics will show that about 75 per cent of new business coming into the banks over the country is brought to them by old customers. In like manner the country banks have always had their affiliation with city banks. Some of them tied by bonds of friendship created through many years of pleasant association, others by the sense of obligation because of favors extended. The larger institutions of our cities, as well as the smaller of the country, are due credit for the development of our frontiers. The names of such city banks are legion who have furnished capital in the development of the West. Their contributions have been invaluable and their influence beyond calculation. We are now witnessing a transition in our economic conditions. Heretofore the Middle West has been a borrowing community. Within a few years it has become an investing one. The safeguarding of these funds and the proper management of the institutions with which the investing public comes in contact is a matter of no little moment.

In conclusion, may I urge that you give most serious attention to that great body of independent American bankers who have striven conscientiously to serve their various communities. These are the men who helped pioneer and build our splendid country. They have assisted in making American institutions distinctly American. It is by them that the springs of continued prosperity must be fed. We can not continue to withdraw all our funds from the wells of the rural communities without the spring going dry. Already the chain store is making a drain upon the smaller towns and cities. They refuse to leave a balance with the local bank, refuse to support the local chamber of commerce, the community chest, or pay any local taxes. They insist that their funds be rushed to New York, frequently by wire, to avoid delay, for the use of broker and speculator. Shall we complete the demise of the small town by taking away the local bank and simply make the village a filling-station corner?

PARLIAMENTARIANS OF THE WESTERN HEMISPHERE

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD a 1-page article by Dr. Arthur Deerin Call from the Pan American Magazine entitled "Parliamentarians of the Western Hemisphere."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PARLIAMENTARIANS OF THE WESTERN HEMISPHERE

(A suggestion by Dr. Arthur Deerin Call, editor Advocate of Peace; secretary American Peace Society; executive secretary American Group Interparliamentary Union, Washington, D. C.)

There are 22 governments in the Western Hemisphere, each with its parliament responible, not only for the laws within its own territory, but in varying degrees for the determination, support, and direction of its country's foreign policies. These governments naturally have many common interests to reconcile. Most of these mutual interests require parliamentary action, and that often outside of treaty and other executive functions of states. One wonders, therefore, why there is so little effort on the part of the members of these parliaments to become acquainted with each other. Pan American conferences on a wide variety of themes are held almost continuously. Why are there no meetings of the parliamentarians of our hemisphere?

There is an Interparliamentary Union with headquarters in Geneva, Switzerland. It held its twenty-fifth conference at Berlin in August, 1928. Its permanent study commissions, concerned with political and organization questions, juridical, economic, financial, ethnic, colonial, social, and humanitarian matters, have just been holding sessions in Geneva, from August 23 to 31. Twenty-one parliaments were represented, the United States by 14 delegates. The only other parliament of the Western Hemisphere to have a delegate was the Republic of San Salvador. Thirty-six parliaments belong to the Union, carrying a membership of near 4,000 parliamentarians; but only 8 of these are from the Western Hemisphere, and of these 8 only 4 paid their dues during the last year—the United States, Canada, the Dominican Republic, and Venezuela.

The Interparliamentary Union is an international agency of proved importance. Founded in 1888, upon the initiative of William Randal Cremer, of the British House of Commons, there have been conferences as follows: First, in Paris, 1889; second, in London, 1890; third, in Rome, 1891; fourth, in Berne, 1892; fifth, at The Hague, 1894; sixth, at Brussels, 1895; seventh, at Budapest, 1896; eighth, at Brussels, 1897; ninth, at Christiania, 1899; tenth, at Paris, 1900; eleventh, at Vienna, 1903; twelfth, at St. Louis, 1904; thirteenth, at Brussels, 1905; fourteenth, at London, 1906; fifteenth, at Berlin, 1908; sixteenth, at Brussels, 1910; seventeenth, at Geneva, 1912; eighteenth, at The Hague, 1913; nineteenth, at Stockholm, 1921; twentieth, at Vienna, 1922; twenty-first, at Copenhagen, 1923; twenty-second, at Berne and Geneva, 1924; twenty-third, at Washington, 1925; twenty-fourth, at Paris, 1927; twenty-fifth, at Berlin, 1928.

The union has been able, through these conferences, to exert an abiding influence. Both Cremer, its founder, and Lange, its present director, have received the Nobel Peace Award.

At the conference in Washington, in 1925, 16 of the 41 parliaments represented were of the Western Hemisphere. Since, however, so few of these parliaments send delegates to the conferences in Europe, it would seem that there is a special interest in the parliamentary aspects of international relations peculiar to the Western Hemisphere. If this be the fact, why not have a parliamentary conference for the Western Hemisphere, with the view of ascertaining what work, if any, can be done by parliamentarians of our western world, laboring together for their own enlightenment and the mutual advantage of their respective peoples?

At the recent meetings in Geneva the standing committe on political and organization questions urged that the Interparliamentary Bureau should assist and facilitate mutual visits between the groups of the union, and organize journeys for the purpose of enabling members of foreign parliaments to study each other's problems. A meeting of the parliamentarians of the Western Hemisphere would be in line with the spirit of that suggestion.

The United States Government believes in the Interparliamentary Union. It appropriates $6,000 a year for the support of the headquarters at Geneva, and $10,000 a year for the expenses of its own group. It was host to the Union in 1904 and again in 1925. If understood, the other parliaments of our western world would not be slow to cooperate similarly according to their strength.

Governments follow where their interests appear to lead. There are parliamentary interests, common to the states of the Western Hemisphere, especially economic, humanitarian, and social, which can not be trusted to work out themselves, or left wholly to diplomats. These are often matters of peculiar concern to the lawmakers. A conference of parliamentarians, therefore, unofficially called and conducted, might be made the means of a wiser legislation all along the line, of a friendlier solution of many of our common problems as they arise, indeed, of prime importance to the parliamentary system itself.

The Interparliamentary Union has been a constructive force. It had a direct influence upon the constitution of the Permanent Court of Arbitration, provided for in 1899 at the first Hague conference. It was primarily responsible for the calling of the second Hague conference in 1907. Its model arbitration treaty received at the second Hague conference the votes of 32 out of 44 states represented.

Perhaps its greatest achievement has been the promotion of intelligent relations between governments by enabling the parliamentarians of the world to get acquainted with each other. The head of the union is Fernand Bouisson, president of the French Chamber of Deputies. The executive secretary is Dr. Christian L. Lange. The venerable and venerated president of the United States group, Senator THEODORE E. BURTON, of Ohio, has labored valiantly in behalf of the union for 25 years.

A conference such as is here proposed would naturally be held, not outside the Interparliamentary Union but as a part of it and in closest harmony with the spirit and principles which through the years it has so successfully developed. It would, of course, be premature here to forecast any program for such a conference. The fact is, however, there is a very active branch of the Interparliamentary Union made up of the Baltic States—Norway, Sweden, Denmark, and Finland. From time to time it has been proposed that there should be branches of the Interparliamentary Union, say, of the representatives from the parliaments of Japan and the United States, of certain Near Eastern states, and elsewhere. The suggestion here, however, is that there be a conference of delegates from the 22 parliaments of the Western Hemisphere, with the view of studying what new direction, if any, interparliamentary cooperation here may wisely and profitably take.

The ways of peace between states are the ways of justice. The language of justice is the law, and law is the very object of parliaments. It is necessary only to mention this aspect of the case.

A meeting of the parliamentarians from our western states could do no harm. It might, indeed, open happy and profitable courses of action as yet quite unsuspected by the statesmen concerned to advance the real interests of our Americas.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. SMOOT. Mr. President, I wonder if it is not possible to have just a few minutes' consideration of the pending bill. We have been in session this morning an hour and 50 minutes, and the bill has not been referred to except in a general way. I ask that the clerk report the pending amendment.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The clerk will report the pending amendment.

The CHIEF CLERK. On page 31, paragraph 80, line 22, the committee proposes to strike out "Sodium and potassium," and

to insert in lieu thereof "Sodium, potassium, lithium, beryllium, and caesium."

Mr. KING. Mr. President, I had hoped that the chairman of the committee would consent to take up the item of oil this morning, because there are a number of Senators necessarily absent who are interested in these other amendments.

Mr. SMOOT. Under the unanimous-consent agreement we can not take up the oil item. I would be perfectly willing to have it taken up, but the amendment relating to oil is one outside of the committee amendments, and I have been told by the Senator from North Carolina [Mr. SIMMONS] that consent will not be given to consider individual amendments to Schedules 1, 2, and 3.

Mr. KING. Mr. President, I think my colleague is in error.

Mr. SMOOT. I am not in error. The Senator from North Carolina is here and he can answer for himself.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. I yield.

Mr. SIMMONS. The Senator from Utah, the chairman of the Committee on Finance, will understand that I had reference to all the schedules of the bill except the first three that were unamended by the committee, not to any particular one. I thought we agreed that we should pursue the usual course with reference to these first three schedules; that is to say, that after we had finished the consideration of the Senate committee amendments there would be no other amendment considered with reference to that schedule until we had finished the remaining schedules.

Mr. SMOOT. The Thomas amendment is to strike out——

Mr. SIMMONS. Under this agreement if the amendment the Senator now proposes comes within the category of an amendment from the floor and is not an amendment to some amendment proposed by the committee, it would come under the general rule and would now be in order. I thought the junior Senator from Utah desired that course to be pursued with reference to these three schedules.

Mr. KING. I did, Mr. President.

Mr. SIMMONS. Then I stated to the Senator from Utah that after these three schedules were disposed of we would be willing to apply the rule he desires; that is, to take up and consider Senate committee amendments first, and then go back and consider any and all amendments from the floor relating to that schedule.

Mr. SMOOT. Mr. President, the Thomas amendment changes the paragraphs in the bill and paragraphs to which there are no amendments. I was perfectly willing to take it up. I have twice asked unanimous consent that when the committee amendments have been agreed to, we then allow individual amendments, and that has been objected to. I am not going to ask it again, because the Senator from North Carolina has told me the program agreed to upon the other side. I would like to clean it up, as I have already said, but I can not unless it is done by unanimous consent.

Mr. KING. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. KING. I acquiesce in the statement just made by the Senator from North Carolina. My understanding was, and still is, that we shall go through with the amendments to the chemical schedule, the ceramic schedule, and the metals schedule, and that we shall not take up amendments original in character which may be offered to what might be called the Fordney Act until we have disposed of the schedules and have come back again for that purpose. But where an amendment has been made affecting a product, such as amendments have been made relating to various vegetable oils, it did seem to me that that would not come within the understanding, or, if it did, by unanimous consent we could consider the question of oil, because the amendments are so interrelated. It did seem to me to take up some little amendment to cottonseed oil, or some other oil, because that had been suggested by the committee, and then leave the question and come back to it again, perhaps would not be the best way to dispose of the question of oils, the amendments concerning which are so closely interrelated.

Mr. SMOOT. There are only a few of the other amendments which went over on request that have not been acted on, and I thought we certainly could take up those amendments. I do not think they will lead to very much discussion. There are only three or four committee amendments, unless we turn back to the amendments that have been passed over. Paragraph 20, whiting and putty, is the first one, and then the paragraph on American valuation, the vanillin paragraph is next, and the camphor paragraph next. All I want to do is to proceed with the bill, and get something done.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. COPELAND. I am sorry I am not clear about what we have determined to do about these amendments. As I understand the situation, if a paragraph is taken up, or if a paragraph is found in the bill to which no amendment has been offered by the committee, then no amendment to that paragraph can be made from the floor until we have finished the first three schedules.

Mr. SMOOT. That is the gist of the notice which has already been given. It could not be considered unless it was considered by unanimous consent. We have a unanimous-consent agreement that committee amendments shall be considered first. Let us not waste any time in discussing this now. There is objection to it. Let us go on with the amendment now and get through with it, and then take up the amendments which have been passed over at the request of some of the Senators, and we can consider them. I hope my colleague will not consider me unjust or unreasonable in asking that that shall be done.

Mr. KING. Mr. President, if the Senator insists on taking up paragraph 80, we will take it up. I should have been very glad to have it go over, because there are one or two Senators absent, at least one of whom wanted to speak on the amendment. I am opposed to the amendment.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. COPELAND. The fact is, we do not know how we are going to proceed.

Mr. KING. We are proceeding with the consideration of the amendment in paragraph 80, on page 31.

Mr. COPELAND. Does the Senator know when we can offer amendments from the floor?

Mr. KING. I do.

Mr. COPELAND. When is it?

Mr. KING. Is it an amendment to an amendment?

Mr. COPELAND. No; it is an amendment to an unamended paragraph.

Mr. KING. It can be offered after we have finished all of the schedules and come back to this item.

Mr. COPELAND. That is to say, we can offer from the floor no amendments to an unamended paragraph until we have finished the 15 schedules?

Mr. KING. Yes; and come back again to this item.

Mr. SIMMONS. That is the old rule.

Mr. KING. Mr. President, the proposition before us now is to subject sodium, potassium, lithium, beryllium, and caesium to a duty of 25 per cent ad valorem. Each of these products, as I now understand, is on the free list except sodium which, under some Treasury decision, has been subjected to a duty. The Treasury has the happy faculty, when complaint is made by some manufacturer, to distort, as I conceive it, the law or place an interpretation upon it which subjects an item to a high rate of duty or transfers it from the free list to the dutiable list, as I understand has been done in the case of sodium.

Mr. SMOOT. Mr. President, let me correct the Senator. Under the act of 1922 sodium and potassium carried a rate of 25 per cent ad valorem in paragraph 5. There was a Treasury decision numbered 43066, delivered on December 4, 1928, placing sodium potassium on the free list, holding that it was a metal unwrought, and it was taken from the dutiable list, where it carried a 25 per cent ad valorem duty in the 1922 act, and was put upon the free list by that Treasury decision. What the House has done, and what the Senate Finance Committee has done, has been to put it back where it was under the act of 1922, and to include the three new items that were not commercially known at the time of the passage of the act of 1922, namely, lithium, beryllium, and caesium. They are new products entirely and were not known in 1922, but they are of the same character as sodium potassium.

Mr. KING. According to the Tariff Commission, sodium is produced by one company, and its estimated production is about 5,000 tons at the present time, notwithstanding the fact that sodium was on the free list.

Mr. SMOOT. No; it carries a rate of 25 per cent.

Mr. KING. It was held by the Treasury Department to be on the free list.

Mr. SMOOT. The Treasury decision so held it in 1928. They held that it is a metal unwrought.

Mr. KING. The production was 5,000 tons. The amount of imports is negligible, 260 pounds. That is the information which I have.

Mr. SHEPPARD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Texas?

Mr. KING. I yield.

Mr. SHEPPARD. Why was not potassium treated entirely in paragraph 79, which is entitled "Potassium"? Why is it again taken up in paragraph 80?

Mr. KING. I am not sure as to the reasons that prompted the Finance Committee to take it in this fashion. Perhaps my colleague can enlighten the Senator.

Mr. SMOOT. Mr. President, I did not hear the question of the Senator from Texas.

Mr. SHEPPARD. Why was not potassium treated entirely in paragraph 79, which deals with potassium? Why is it again taken up in paragraph 80?

Mr. SMOOT. One is an element and the other is the salt. They are different products.

Mr. SHEPPARD. The explanation is not apparent from the sections themselves.

Mr. SMOOT. I will say to the Senator that if he will read paragraph 79 carefully he will find that it applies to salts of potassium only. The items mentioned there are all salts, whereas in paragraph 80 they are entirely a different product.

Mr. GEORGE. Paragraph 79 treats of the compounds and paragraph 80 treats of the metal.

Mr. SMOOT. Salts or compounds. They are entirely different.

Mr. SHEPPARD. Do the uses differ?

Mr. SMOOT. Entirely.

Mr. SHEPPARD. What is the use for the metal potassium?

Mr. SMOOT. The great use of sodium is the manufacture of indigo.

Mr. SHEPPARD. I am asking about potassium.

Mr. SMOOT. Potassium is used in organic compounds. I can not tell the Senator just the particular items. It has so many different uses I can not tell the Senator what they are.

Mr. SHEPPARD. What is the status of potassium used in fertilizer?

Mr. SMOOT. That is on the free list. Every bit of that is on the free list.

Mr. SHEPPARD. Then the potassium in these two paragraphs have no connection with fertilizer?

Mr. SMOOT. None whatever.

Mr. KING. Mr. President, I would like to ask my colleague what justification the committee found for imposing a tariff upon either sodium or potassium in view of the fact that as to sodium, which is an important element in the manufacture of indigo and various other important products, there are no imports.

Mr. SMOOT. It is the chief product in the making of indigo, I will say to my colleague. That business was established here under the 25 per cent rate. It is true there have not been very many imports, but the new items named here to which I have called attention are just beginning to be manufactured in the United States. They are all manufactured in Europe now. The committee felt that if this was to be a new industry it at least ought to have 25 per cent ad valorem in order that it may be established as an industry in this country.

Mr. KING. Mr. President, I am not in the slightest agreement with my colleague that this is an industry just established. It has been established for a considerable length of time. The Senator said that sodium or potassium is a sort of key product in the manufacture of indigo. We are exporting indigo to Germany and to China and to various other parts of the world. We can undersell almost any other country in the world in the production of indigo. If it is important, as it is, in the production of indigo and we are producing indigo cheaper than any other country in the world and exporting it in competition with other countries, obviously there is no reason for a tariff upon this product. It seems to me there ought not to be an imposition of a tariff upon it.

Mr. SMOOT. I really feel that we ought to have a duty to maintain this industry, particularly on the items that have been named by the committee. If there are no imports or if they are small, as they may be, then no harm has been done to the manufacturers in this country in the making of indigo. Of course, the process of manufacture is a comparatively new one. It is true we are exporting indigo, but that has all been developed since the war.

Mr. KING. I am not in agreement with my colleague with respect to the development of indigo entirely since the war. But even if that were true, our exports of indigo are enormous, and they compete successfully with Europe, with Germany, Switzerland, France, and Great Britain in the production of indigo, and so there is no reason whatever for the imposition of a tariff: If the tariff is for the purpose of protection and we produce enormous quantities and have no competition, it would indicate that other nations are not sending any into the United States. If we are producing and there are no imports when they are on the free list, as some of these products have been, then it is obvious that there is no competition and there is no justification for a tariff.

Mr. SMOOT. It has been on the free list only a short time, since 1928. There is no telling what the importations may be. I say, again, that there was not a single pound of synthetic indigo made in the United States before the war.

Mr. KING. O Mr. President, my colleague now is talking of synthetic indigo.

Mr. SMOOT. The other, of course, is not a manufactured product. It is taken from the ground, the original or natural indigo. It occupies a minor position in the dye industry of the United States. Germany worked for about 26 years before she found a synthetic indigo to take the place of the natural indigo. It has just been put on the free list by Treasury decisions and the committee felt that we ought to maintain the industry in the United States and therefore we propose to give it a 25 per cent ad valorem duty, and I hope the Senate will agree to that action of the committee.

Mr. KING. My colleague is speaking of sodium and not of the rest of the items?

Mr. SMOOT. Yes; I am speaking of sodium now.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the junior Senator from Utah yield to the Senator from Mississippi?

Mr. KING. I yield.

Mr. HARRISON. Will the senior Senator from Utah give us some facts about the importations and what they were for the last three or four years as to each of these items? Did just a few pounds come in while the duty was 25 per cent ad valorem, and in what year did they come, and how many pounds were brought in?

Mr. SMOOT. The items are not given separately and I can not tell the Senator. I have asked the experts if they have the information and they say the items are all kept together, so we do not know.

Mr. HARRISON. So we do not know whether the 122 pounds came in during the last 10 years or whether in 1927 or in 1928? In other words, we are asked to impose a 25 per cent ad valorem duty on something as to which we do not know what the importations are or anything about the facts.

Mr. SMOOT. What we are doing is on account of the Treasury decision that was rendered which placed these products on the free list. We are restoring them to the same rate that was carried in the act of 1922. As I said, under that act fixing 25 per cent, indigo has developed so that we now produce 5,000 tons in the United States. No one can tell what the result will be from the decision of the Treasury Department putting it on the free list, but we do want to maintain the industry in the United States. The decision was rendered just a few months ago, on December 4, 1928.

Mr. BARKLEY. Mr. President, will the Senator from Utah yield to me?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Kentucky?

Mr. KING. I yield.

Mr. BARKLEY. I want to inquire of the senior Senator from Utah which one of these items he is referring to as having been placed on the free list by a decision of the Treasury?

Mr. SMOOT. In paragraph 80 all of the items mentioned are covered. The decision was rendered December 4, 1928.

Mr. BARKLEY. They decided that Congress did not intend to put those items on the dutiable list, and so, notwithstanding the efforts of Congress to tax them, the Treasury Department decided to put them on the free list?

Mr. SMOOT. They decided that they were metal unwrought, and upon that basis they went upon the free list.

Mr. BARKLEY. So this is one of the basket clauses?

Mr. SMOOT. No; it was not a basket clause. It was in paragraph 5 of the act of 1922. They all carried the 25 per cent rate just as we have provided here.

Mr. BARKLEY. Is not the Senator able to advise us as to the domestic production or the imports or the exports or the competitive conditions of any of these articles?

Mr. SMOOT. Of sodium, about 5,000 tons a year, as I have stated before.

Mr. BARKLEY. The imports?

Mr. SMOOT. No; the production.

Mr. BARKLEY. The production of sodium?

Mr. SMOOT. The three commodities the manufacture of which is being developed. I refer to the items which were put in by way of amendment.

Mr. BARKLEY. The production all together is about 5,000 tons.

Mr. SMOOT. The three that I have mentioned are just being developed. I presume there will be produced whatever is called for.

Mr. BARKLEY. So far as the Senator knows, then, none of these articles are imported?

Mr. EDGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from New Jersey?

Mr. BARKLEY. I yield.

Mr. EDGE. I think an answer to the question of imports is that these three metals only very recently became prominent and came into use. It is my information that because of their strength and lightness two of them are used in the manufacture of airplane parts and another one in the metal part of incandescent lamps. It is practically a new industry.

Mr. BARKLEY. Is it new in this country or new in the world?

Mr. EDGE. It is new in the world from a metallurgical standpoint.

Mr. BARKLEY. Are any of these commodities being manufactured in other countries?

Mr. EDGE. I presume other countries are manufacturing them; Germany is a great manufacturer of chemical and other commodities and is endeavoring to try to commercialize them, no doubt.

Mr. BARKLEY. In which country did the manufacture start first—in Germany or in the United States?

Mr. EDGE. The question would never have arisen had it not been for the decision of the Customs Court. We are merely trying to protect the situation brought about by the decision of the Customs Court.

Mr. BARKLEY. I am not so much worried about the decision as I am about the question whether the commodities mentioned ought ever to have been placed on the dutiable list. If this is a new industry, just started, and the committee can not give us any information about how far the industry has gone, I am wondering whether these items ought to have been placed on the dutiable list seven years ago before the industry started.

Mr. SMOOT. They were not known seven years ago.

Mr. BARKLEY. If they were not known seven years ago, why was the effort made seven years ago to put them on the dutiable list?

Mr. SMOOT. No such effort was made. The three items referred to were not known at that time; they have developed since that time. They are, as the Senator from New Jersey has said, used in the manufacture of incandescent lamps and radio tubes, and they are now experimenting with them in connection with television.

Mr. BARKLEY. To which three is the Senator referring?

Mr. SMOOT. To three of the items mentioned in paragraph 80—lithium, beryllium, and caesium.

Mr. BARKLEY. We are now considering paragraph 80, are we not, on page 31?

Mr. SMOOT. We are.

Mr. BARKLEY. Which of the five articles mentioned—sodium, potassium, lithium, beryllium, and caesium—were not known seven years ago?

Mr. SMOOT. The three I have mentioned to the Senator several times.

Mr. BARKLEY. Three of them—which three?

Mr. SMOOT. Lithium, beryllium, and caesium.

Mr. BARKLEY. Sodium and potassium, of course, were known seven years ago.

Mr. SMOOT. Of course; and the House provided for those two commodities in the bill as passed by it, and by the amendment proposed by the Senate committee the other three are added.

Mr. BARKLEY. Did the decision of the Treasury cover potassium and sodium?

Mr. SMOOT. Those are the products it did cover.

Mr. BARKLEY. And the others also?

Mr. SMOOT. The others are just fairly beginning to be manufactured, but they are, in a way, similar to the others, and, of course, would fall under the Treasury's decision.

Mr. BARKLEY. This industry, which has just started, and against which, so far as the Senate knows, there is no competition coming from Germany, is now to be placed under a 25 per cent ad valorem tax.

Mr. SMOOT. We do know that they are made in Germany.

Mr. BARKLEY. But the Senator does not know what the cost of production there is; he does not know whether they are being imported into this country; and, if he does not know, the presumption is that they are not being imported.

Mr. SMOOT. We do know that they produce chemicals in Germany cheaper than the cost for which they can be produced in the United States; that we do know.

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Pennsylvania?

Mr. BARKLEY. I do not know that I have the floor, but if I have, I yield to the Senator.

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. BARKLEY. I yield.

Mr. REED. Mr. President, in paragraph 5 of the tariff law of 1922 the Senator will see that all chemical elements not otherwise provided for are taxed at 25 per cent ad valorem. The question arose whether sodium and potassium were chemical elements or were metals unwrought within the meaning of two different paragraphs of the 1922 law. If they were held to be metals unwrought, they came in on the free list, whereas if they were held to be chemical elements, then they came in at 25 per cent ad valorem, Obviously, in the strict sense of the word, they fell in both paragraphs, because they are chemical elements irreducible into other elements, and at the same time they are metals and they are unwrought; and the Treasury's decision or the Customs Court's decision—I do not recall which, although I think it was a Treasury decision——

Mr. SMOOT. It was a Treasury decision.

Mr. REED. The Treasury decision chose the horn of the dilemma that put them on the free list. It was perfectly plausible to place them with other chemical elements. All we have done in paragraph 80 of the pending bill is to take those two chemical elements and put them by name where they had meant to be put in the act of 1922, along with all other elements not specially mentioned. At the same time in doing that, beryllium, and lithium, and cæsium were put in with them so as to prevent a similar mistake or avoid a similar decision by the Treasury in regard to them.

Mr. BARKLEY. In other words, notwithstanding the fact that they partake of the properties of chemical elements and metals unwrought, the language has been framed so that hereafter they will not be metals unwrought but they will be chemical elements, in order that they may be taxed. That, legally speaking, is the effect of the change?

Mr. REED. Of course the Senator knows that there is a list of elements in chemistry many of which are of small importance, and some of them become important as uses are developed for them, as in the case of the three metals that are newly added to paragraph 80. They are both metals and elements, just as iron is a metal and an element.

Mr. BARKLEY. So that the effect of this amendment is that hereafter, regardless of other properties, they will come in under this 25 per cent basket clause?

Mr. REED. Exactly, like all other elements not specially provided for.

Mr. BARKLEY. Mr. President, I do not care to consume the time of the Senate; I am ready to vote; but I desire simply to say that, with the information before the Senate as to the condition of this industry, I do not feel justified in voting for this increase.

The PRESIDING OFFICER. The question is on the amendment reported by the committee. [Putting the question.] By the sound the noes seem to have it.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Frazier	Keyes	Simmons
Ashurst	George	King	Smoot
Barkley	Glass	McKellar	Steck
Bingham	Goff	Norbeck	Steiwer
Black	Gould	Norris	Swanson
Blaine	Greene	Nye	Thomas, Idaho
Blease	Hale	Oddie	Townsend
Borah	Harris	Overman	Tydings
Brock	Harrison	Patterson	Vandenberg
Brookhart	Hastings	Phipps	Wagner
Broussard	Hawes	Pittman	Walcott
Caraway	Hayden	Ransdell	Walsh, Mass.
Copeland	Hebert	Reed	Walsh, Mont.
Couzens	Heflin	Robinson, Ind.	Warren
Cutting	Howell	Schall	Waterman
Edge	Jones	Sheppard	
Fletcher	Kendrick	Shortridge	

Mr. BLAINE. I desire to announce that my colleague [Mr. LA FOLLETTE] is unavoidably absent. I ask that this announcement may stand for the day.

Mr. JONES. I desire to announce that my colleague [Mr. DILL] is necessarily absent, and I will allow this announcement to stand for the day.

The PRESIDING OFFICER. Sixty-six Senators having answered to their names, there is a quorum present. The question is on agreeing to the amendment in paragraph 80 as reported by the committee.

Mr. HARRISON. Mr President, a parliamentary inquiry. The House added "sodium and potassium, 25 per cent ad valorem." That is stricken out under the Senate committee amendment and "sodium, potassium, lithium, beryllium, and caesium" are included. If the amendment of the Senate committee is voted down, does that eliminate sodium and potassium, as recommended in the House bill?

Mr. SMOOT. Without another vote.

Mr. HARRISON. I ask unanimous consent that this vote prevail without another vote. In other words, if this should be stricken out, then that will settle the question, and sodium and potassium will be out.

Mr. SMOOT. I do not think it will lead to any discussion at all. The only way to do that would be to strike out the whole paragraph.

Mr. HARRISON. I move, as a substitute, to strike out the whole paragraph, then.

The PRESIDING OFFICER. The Senator from Mississippi moves to strike out the whole paragraph? Is that the Senator's motion?

Mr. HARRISON. As a substitute for the Senate committee amendment, yes.

The PRESIDING OFFICER. The Chair is advised that that motion is not in order.

Mr. SMOOT. I do not know whether it is in order or not; but, if it is, I have not any objection.

The PRESIDING OFFICER. The Chair is advised that the motion of the Senator from Mississippi is not in order.

Mr. SMOOT. That is what I thought.

Mr. HARRISON. I ask unanimous consent that the vote on this proposition, whatever it may be, prevail, so that we will not have to vote again on sodium and potassium, because that is included in the Senate committee amendment.

Mr. SMOOT. I suggest that the Senator ask unanimous consent that no further discussion be had—I shall be glad to have that done—and let us take it up in regular order.

Mr. HARRISON. All right; I make that request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi? The Chair hears none. The question is on the committee amendment. On that question the yeas and nays have been ordered. The clerk will call the roll.

Mr. NORBECK. Mr. President, I desire to give notice at this time that I may want to take up this matter in the Senate when it comes up there.

I did not vote on this question. I should not know how to vote on it. My attention has been called by the Senator from New Jersey [Mr. EDGE] to a report of the Tariff Commission stating that all of this lithium ore comes from my State of South Dakota. This amendment does not propose a tariff on lithium ore.

The PRESIDING OFFICER. May the Chair call the Senator's attention to the fact that the unanimous-consent agreement just entered into calls for no further debate upon this item.

Mr. NORBECK. If the unanimous-consent agreement was entered into, Mr. President, the item is disposed of, is it not?

The PRESIDING OFFICER. Unanimous consent was given that the item should be considered as a whole, and that no further debate should take place.

Mr. NORBECK. I shall ask recognition when the matter has been disposed of, then.

Mr. McKELLAR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Tennessee will state it.

Mr. McKELLAR. On the roll call, those who desire to strike out the entire paragraph should vote "nay," should they not, under the unanimous-consent agreement?

The PRESIDING OFFICER. That is correct.

Mr. SMOOT. No, Mr. President.

The PRESIDING OFFICER. We are voting upon the committee amendment.

Mr. SIMMONS. Are we voting upon the committee amendment, or are we voting upon the amendment of the Senator from Mississippi?

The PRESIDING OFFICER. The Chair's understanding is that we are voting upon the committee amendment.

Mr. SIMMONS. I thought we were voting on the motion to strike out.

Mr. HARRISON. That has been ruled out of order.

Mr. McKELLAR. Mr. President, another parliamentary inquiry: Do I understand that if the committee amendment is voted down, then, under the unanimous-consent agreement, the paragraph will be stricken out later?

Mr. SMOOT. We shall have to take another vote without further discussion.

Mr. McKELLAR. Very well.

Mr. EDGE. Mr. President, my understanding was that debate would be precluded following this vote, but not before this vote. It seems to me perfectly ridiculous that Senators who have come into the Chamber within the last five minutes and answered to the roll call should not have at least a 2-minute explanation of what they are voting on. Following that, I understood the Senator from Mississippi or the Senator from Utah to say that the second vote would be taken without debate; but certainly the first vote was not supposed to be taken in that way. Debate was not supposed to be shut off on the first vote.

Mr. SMOOT. The request was that we should vote upon this matter without any further debate.

The PRESIDING OFFICER. That is the Chair's understanding of the unanimous-consent agreement.

The question is on the committee amendment. On that question the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HAWES (when his name was called). I have a pair with the senior Senator from Kentucky [Mr. SACKETT]. Not knowing how he would vote on this question, I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, and not knowing how he would vote, I withhold my vote.

Mr. SCHALL (when Mr. SHIPSTEAD'S name was called). I desire to announce that my colleague [Mr. SHIPSTEAD] is still ill.

Mr. TYDINGS (when his name was called). On this question I have a general pair with the senior Senator from Rhode Island [Mr. METCALF], who is ill. I transfer that pair to the junior Senator from Montana [Mr. WHEELER] and will vote. I vote "nay."

The roll call was concluded.

Mr. REED (after having voted in the affirmative). I have a general pair with the Senator from New Mexico [Mr. BRATTON]. I transfer that pair to the Senator from New Jersey [Mr. KEAN] and will allow my vote to stand.

Mr. BLAINE (after having voted in the negative). I have a general pair with the junior Senator from West Virginia [Mr. HATFIELD]. I transfer that pair to my colleague the senior Senator from Wisconsin [Mr. LA FOLLETTE] and will allow my vote to stand.

Mr. GOFF. I desire to state that my colleague [Mr. HATFIELD] is detained from the Senate on official business. He is paired, I am told, with the junior Senator from Wisconsin [Mr. BLAINE].

Mr. JONES. I desire to announce the following general pairs:

The Senator from Illinois [Mr. DENEEN] with the Senator from Washington [Mr. DILL];

The Senator from Ohio [Mr. FESS] with the Senator from Texas [Mr. CONNALLY];

The Senator from Kansas [Mr. CAPPER] with the Senator from Florida [Mr. TRAMMELL];

The Senator from Indiana [Mr. WATSON] with the Senator from Arkansas [Mr. ROBINSON];

The Senator from Maryland [Mr. GOLDSBOROUGH] with the Senator from South Carolina [Mr. SMITH]; and

The Senator from Massachusetts [Mr. GILLETT] with the Senator from Oklahoma [Mr. THOMAS].

I also desire to announce that the Senator from Illinois [Mr. DENEEN], the Senator from Ohio [Mr. FESS], the Senator from Kansas [Mr. CAPPER], and the Senator from New Hampshire [Mr. MOSES] are absent on the business of the Senate.

Mr. WALSH of Montana. I desire to announce that the Senator from Oklahoma [Mr. THOMAS], the Senator from South Carolina [Mr. SMITH], and my colleague the junior Senator from Montana [Mr. WHEELER], are necessarily detained on official business.

Mr. SHEPPARD. I desire to announce the necessary absence on business of the Senate of the Senator from Arkansas [Mr. ROBINSON], the Senator from Florida [Mr. TRAMMELL], the Senator from Texas [Mr. CONNALLY], the Senator from New Mexico [Mr. BRATTON], and the Senator from Washington [Mr. DILL].

The result was announced—yeas 30, nays 34, as follows:

YEAS—30

Allen	Gould	Patterson	Townsend
Bingham	Greene	Phipps	Vandenberg
Broussard	Hale	Pittman	Wagner
Copeland	Hastings	Ransdell	Walcott
Couzens	Hebert	Reed	Warren
Edge	Kendrick	Shortridge	Waterman
Glenn	Keyes	Smoot	
Goff	Oddie	Steiwer	

NAYS—34

Ashurst	Cutting	Howell	Simmons
Barkley	Fletcher	Jones	Steck
Black	Frazier	King	Swanson
Blaine	George	McKellar	Thomas, Idaho
Blease	Glass	Norris	Tydings
Borah	Harris	Nye	Walsh, Mass.
Brock	Harrison	Overman	Walsh, Mont.
Brookhart	Hayden	Schall	
Caraway	Heflin	Sheppard	

NOT VOTING—30

Bratton	Goldsborough	Metcalf	Smith
Capper	Hatfield	Moses	Stephens
Connally	Hawes	Norbeck	Thomas, Okla.
Dale	Johnson	Pine	Trammell
Deneen	Kean	Robinson, Ark.	Watson
Dill	La Follette	Robinson, Ind.	Wheeler
Fess	McMaster	Sackett	
Gillett	McNary	Shipstead	

So the amendment of the committee was rejected.

WILLIAM M. SPARKS, CIRCUIT JUDGE

Mr. ROBINSON of Indiana. Mr. President, at the direction of the Committee on the Judiciary, as in open executive session, I ask unanimous consent to submit a report.

The VICE PRESIDENT. Is there objection?

Mr. ASHURST. Mr. President, I must protest, and object to any executive business being done at this time. I hope the Senator will pardon me. I do not think we ought to——

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. NORRIS. I should like to say to the Senator from Arizona that the action which the Senator from Indiana is trying to take is not only at the direction but upon the unanimous recommendation of the Committee on the Judiciary; and when he makes the report, if he is permitted to make it, I am going to ask unanimous consent for its immediate consideration. It is a case in which action is desired to be taken only a few days in advance of when the matter will come up regularly. There is no objection anywhere. Everyone is unanimous. The fitness of the appointee is recognized and admitted by everybody; and the action is proposed because the appointee comes from the home town of the senior Senator from Indiana [Mr. WATSON], who, on account of his condition, the Senator understands, is anxious, perhaps without cause—just as a matter of sentiment, perhaps—to have action by the Senate before he leaves.

I do hope, therefore, that no Senator will object.

The VICE PRESIDENT. Is there objection?

Mr. ASHURST. Mr. President, in view of the explanation, I think it is entirely appropriate that I withdraw my objection. I consequently do so at this time, with the assurance that any personal courtesy or personal favor I can ever extend to either of the Senators from Indiana will be a great pleasure to me.

The VICE PRESIDENT. The Senator will send up his report.

Mr. ROBINSON of Indiana. The report is at the desk, Mr. President.

Mr. NORRIS. I ask unanimous consent for the immediate consideration of the report.

Mr. McKELLAR. Let it be stated who the nominee is.

The VICE PRESIDENT. The Secretary will report.

The legislative clerk read as follows:

William M. Sparks, of Indiana, to be United States circuit judge, seventh circuit, vice Albert B. Anderson, retired.

Mr. BLACK. Mr. President, I would like to call the attention of the Senator from Nebraska to the fact that the junior Senator from Washington [Mr. DILL] stated on the floor a few days ago that he wanted to put in a standing objection to passing upon executive appointments immediately upon a report such as is made in this case. I simply wanted to direct the attention of the Senator from Nebraska to that fact.

Mr. NORRIS. I appreciate what the Senator has said, and I am in full accord with the sentiments expressed by the junior Senator from Washington. I would not be making this request if there were not an extraordinary condition confronting us. I can recall the time when I could not appreciate what it meant to have a nervous affliction; I did not think there was anything in it. But I have reached the time in my life when, from my own experience, I know that a nervous breakdown is the worst possible affliction that can come to a human being, and when a man is in that condition, he has my sympathy from the very bottom of my heart. Some little thing will often do him more good than a great thing. If this report were not unanimous, if everybody were not perfectly satisfied, or if it were an ordinary case, I would not think of making the request I have made. But I have an idea that, small as this may seem, it will do more good to the senior Senator from Indiana [Mr. WATSON] than a prescription from a doctor.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nomination is confirmed, and the President will be notified.

NOTICE OF EXECUTIVE SESSION

Mr. JONES. Mr. President, while there is a pretty good attendance of Senators I desire to say that several Senators have asked if we could have an executive session to-day. Accordingly, I am going to ask for an executive session when the Senator from Utah [Mr. SMOOT] has concluded his work on the tariff bill this afternoon.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. HARRISON. Mr. President, let us finish up with this amendment.

The VICE PRESIDENT. The Chair understands that there was a unanimous-consent agreement that a vote be taken on the amendment offered by the Senator from Mississippi without debate. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from Mississippi proposes to strike out, on page 31, lines 22 and 23, being paragraph 81.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The next amendment passed over was, on page 32, line 21, under silicofluoride, where the committee proposes to strike out "1¾" and insert in lieu thereof "1½."

Mr. KING. Mr. President, as I understand the fact with respect to this item, there was a presidential proclamation which based the tariff upon the American selling price rather than upon the foreign price. That increased the rate materially. I do not know how much the increase was. I think it was approximately 50 per cent.

Mr. SMOOT. The proclamation of the President was equal to 1.43 cents per pound. That proclamation was issued by the President on September 15, 1928. The House fixed the rate at 1¾ cents, and the Senate committee simply put into effect, as nearly as it could, the presidential proclamation, fixing the rate at 1½ cents. Those are the facts.

Mr. WALSH of Massachusetts. What was the date of the presidential proclamation?

Mr. SMOOT. September 15, 1928.

Mr. WALSH of Massachusetts. Have circumstances changed since that time with reference to this commodity?

Mr. SMOOT. The only change is that the price is lower to-day than it was.

Mr. WALSH of Massachusetts. And the Senate committee has recommended a reduction from the House rate?

Mr. SMOOT. We have.

Mr. KING. Mr. President, this item is very important for acid rinses in laundries and for use in the manufacture of iron, enamel ware, and the production of opalescent glass. There is no doubt but that the rate now suggested by the Senate committee, though it is lower than the rate suggested by the House, is an increase over the Fordney-McCumber law, where the values were based upon the foreign prices rather than upon the American prices. So that we are now increasing the tariff duties above those of the Fordney-McCumber law. We are decreasing them slightly below the figures fixed by the House, but approximately in harmony with the figures fixed in the presidential proclamation.

Mr. SMOOT. The item carried 25 per cent ad valorem, and the presidential proclamation increased that so that the rate would be 1.43 cents instead of 25 per cent ad valorem.

Mr. KING. The increase would amount to approximately 50 per cent ad valorem on the foreign selling price, which would make it 100 per cent above the rate fixed in the Fordney-McCumber law.

Mr. SMOOT. I call my colleague's attention to page 48 of the Summary of Tariff Information, where he will see that the imports are vastly increasing.

Mr. KING. I am familiar with that. May I say to my colleague that I am in favor of a tariff upon this product? I think it is entitled to consideration. I do think, however, that the rate suggested by the committee is too high because it is 100 per cent increase over the rate in the Fordney-McCumber law. But I shall not make any further objection.

Mr. HARRISON. I would like to ask the Senator from Utah a question with reference to this item, which is so unlike the other item. The amount imported is practically the same as that produced in this country, 3,000,000 pounds. There has been a full investigation by the Tariff Commission, and they have recommended practically this rate. Those are the facts.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The LEGISLATIVE CLERK. On page 32, line 24, the committee proposes to strike out "three-eighths" and to insert in lieu thereof "one-half," so as to read:

Sodium sulphide, one-half of 1 cent per pound.

Mr. KING. Mr. President, I would like to have an explanation of the amendment. I understand it is an increase in the rate on this product.

Mr. SMOOT. In paragraph 82 of the act of 1922 it was provided that sodium sulphide containing not more than 35 per cent of sodium sulphide should bear a rate of three-eighths of 1 cent per pound, and that the rate on sodium sulphide containing more than 35 per cent of sodium sulphide should be three-fourths of a cent per pound.

The House provided a rate of 1 cent a pound on the product containing not more than 35 per cent sodium sulphide, and three-fourths of a cent per pound on that containing more than 35 per cent. The Senate committee amendment provides a rate of one-half of 1 cent per pound on the product containing not more than 35 per cent of sodium sulphide, and 1 cent per pound on that containing more than 35 per cent.

Sodium sulphide occurs in commerce as (1) crystal sulphide, containing about 30 per cent of sodium sulphide, and (2) the fused or concentrated, containing about twice as much sulphide as the crystal product. Sodium sulphide is used chiefly in the manufacture of dyes and in the dyeing of sulphur colors, and as a depilatory agent in leather manufacture.

Sodium sulphide was formerly manufactured from salt cake. A substantial part of the present consumption is now supplied as a joint product in the manufacture of certain barium chemicals, in which it is an important item of credit. Sodium sulphide is also obtained as a by-product in the manufacture of carbon bisulphide.

In 1927 the domestic production of sodium sulphide was 92,988,000 pounds; sales were 76,892,000 pounds, valued at $1,692,000, or a unit value of $0.022.

Imports of sodium sulphide containing not more than 35 per cent of sodium sulphide in 1928 were 837,000 pounds, valued at $17,056, or a unit value of $0.020. Imports containing more than 35 per cent of sodium sulphide in 1928 were 8,376,000 pounds, valued at $166,000, or a unit value of $0.020. Quotations in 1928 were:

Crystals, 30 per cent, 2½ cents per pound; solid, 60 per cent, 3½ cents per pound.

The committee felt that, based upon the importations, the rate ought to be one-half cent per pound. That is the picture as it appeared before the committee, and instead of three-eighths of a cent, the committee made the rate one-half a cent.

Mr. KING. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. KING. As I understand, we are now considering the first proposed amendment and not the one later in the paragraph, which deals with the same commodity, but of a higher grade.

Mr. SMOOT. Yes, the first grade. We are dealing with the crystal now.

Mr. KING. The act of 1922 imposed, if we are to determine what a fair tariff rate is by the imports and the production, a very high rate, three-eighths of a cent per pound. The imports were only 836,000 pounds, and the production was 92,988,000 pounds, of all grades. Unfortunately, the tariff expert has not furnished me the data as to the proportion to be allocated to the item under consideration now and what proportion is to be allocated to the next amendment.

Mr. SMOOT. Let me call the attention of the Senate to the equivalent ad valorem. The equivalent ad valorem in 1925 was 14.01 per cent, in 1920 it was 14.59 per cent, and in 1927 it was 15.44 per cent. That is the specific rate of three-eighths of a cent a pound translated into the equivalent ad valorem.

Mr. KING. Let me ask my colleague, where the production is nearly 93,000,000 pounds and the imports are only 836,000 pounds——

Mr. SMOOT. The Senator is quoting figures about both items.

Mr. KING. I stated that that comprised the two items in the same paragraph, but my advices are that the greater part of this 92,988,000 pounds would come in under the first amendment, the one we are now considering.

Mr. FLETCHER. Mr. President, may I ask the Senator what sodium sulphide is used for?

Mr. KING. It is used for colors, for the manufacture of leather, for sodium acid, and in the production of nitrocellulose silk. So it has a very important use. The fact that there may be a very small ad valorem tariff is not to me the principal consideration. The question is, What duty is necessary for a reasonable protection, if we do not desire duty for revenue purposes?

Mr. SMOOT. I want to correct the statement the Senator makes, that this first bracket is the one in which most of the importations come. It is in the second bracket that most of the importations come.

Mr. KING. Is the Senator speaking of importation, or production?

Mr. SMOOT. Of production. I can give figures as to both, if the Senator wants them.

Mr. KING. I am interested in ascertaining. Doctor Craig, who is sitting at my side, tells me that the production in the two grades is 2,998,000 pounds. He stated he was unable to indicate what proportion would come in under the amendment we are now considering. Does the Senator have later figures than those furnished me?

Mr. SMOOT. No. I thought the Senator said the importations fell within the first bracket we are now considering.

Mr. KING. Oh, no.

Mr. SMOOT. The importations fall within the second bracket. That is done in order to save freight. Necessarily they would do that because one is a crystal, and in crystal form they do not have water or other materials in the product.

Mr. KING. I am unable to understand the justification for an increase where the imports are only 836,000 pounds of less than 35 per cent strength, and the total domestic production in this grade is 92,998,000 pounds. I can not understand why there is any necessity for an increase. It seems to me the House, if they increased it, did wrong and the Senate is now asked to perpetuate that wrong. I should be very happy to support a reasonable protection, but with this enormous production I can not do so. I think that my colleague speaking for the committee ought not to ask for an increase here.

Mr. SMOOT. The importations are only 10 per cent of the total amount of consumption. I do not want to give them a single solitary penny more protection than is sufficient to maintain the industry.

Mr. KING. The Senator now is speaking of the second grade. I am speaking of the first grade. There are large imports in the second grade, but in the grade we are now considering the imports are only 836,000 pounds.

Mr. SMOOT. The trouble is if we increase one and not the other then they will shift the shipments. That would be the natural thing for them to do. If we disagree to the one we ought to disagree to the other. If we increase the one and decrease the other, then, of course, they would ship in the form on which there is the least protection.

Mr. KING. I think we had better disagree to both of them.

Mr. SMOOT. I hope the Senate will not do so.

Mr. GOFF. Mr. President, is it not true that the imports have increased very markedly since 1925?

Mr. SMOOT. For six months in 1929 the imports increased over 1928. In 1926 they increased 2,000,000 pounds, but in 1927 there were only 9,000,000 pounds imported, and the total imports for 1929 would be about the same if the second six months' imports are about the same as those during the first six months.

Mr. GOFF. Is it not also true that the price has steadily declined since this increase?

Mr. SMOOT. Yes; the price for the commodity is less. The importation price is now down to 2 cents.

Mr. GOFF. Therefore does it not follow that this slight increase in the tariff schedule is merely to protect the domestic production of this product without increasing the price to the domestic consumer?

Mr. SMOOT. That was the idea of the committee.

Mr. KING. Mr. President, let me say to my colleague that I discover that back in 1923 the imports were 12,372,581 pounds.

Mr. SMOOT. That is in the second bracket.

Mr. KING. Exactly; but my colleague mentioned 8,000,000 pounds a few moments ago in the second bracket. There has been a diminution in imports from 1923 to 1927, there being only 8,000,000 pounds in the last year.

Mr. SMOOT. Yes; but the year after that there were only 424,209 pounds imported, and the higher the importations, of course, the more protection is necessary.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. KING. I desire to give notice that on this item I shall ask for a separate vote in the Senate.

Mr. COPELAND. Mr. President, before we leave page 32 I should like to ask the chairman of the committee about the item in line 8, the amendment raising the rate on chlorate of sodium. What happened to that?

Mr. SMOOT. That amendment was rejected.

Mr. COPELAND. Was it debated at all?

Mr. SMOOT. Yes; quite considerably.

Mr. COPELAND. Is this final or do we have another and further chance upon the amendment?

Mr. SMOOT. The Senator can reserve the right for a separate vote in the Senate.

Mr. COPELAND. I have given considerable study to this question in the last few days and I think it is a great mistake to lower the rate on sodium chlorate.

Mr. SMOOT. Let us not have it come up now. It will come up when the bill is in the Senate.

The VICE PRESIDENT. Does the Senator from New York give notice of his desire for a separate vote in the Senate?

Mr. SMOOT. One or two Senators have already spoken about it. If the Senator will reserve the right to a separate vote when the bill is in the Senate, it can be taken up then.

Mr. COPELAND. If the Senator from Utah feels that is the better course I am glad to agree to it. However, I am convinced that the action of the Senate was very hasty with reference to a change in this item and I think that can be shown if the matter is fully discussed. I wish to give notice of my intention to offer a change in this item when the bill is in the Senate.

Mr. KING. I regret the position of my friend from New York. I think we were a little hasty because we did not lower the rates enough.

Mr. COPELAND. Mr. President, I do not want to leave the matter in that way. If the junior Senator from Utah will look at page 381 of the Summary of Tariff Information, schedules 1 to 3, he will see that it is very apparent that the importations of this article are rapidly increasing. There is only one firm in the United States making this product. Sodium chlorate is used in the making of explosives and necessarily is of value in the national defense, and its production in our own country should be encouraged.

Mr. SMOOT. These very figures were presented to the Senate before the amendment was voted down. I agree with the Senator from New York that the importations have increased. That fact was called to the attention of the Senate. I beg the Senator to let the matter go over until the bill is in the Senate and then we will have further discussion.

Mr. EDGE. Mr. President, will the Senator from New York yield?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from New Jersey?

Mr. COPELAND. I yield.

Mr. EDGE. I simply want to invite the attention of the Senator from New York to another argument which had considerable effect. Sodium chlorate is used almost exclusively by the farmers of the country as a weed killer, and for that reason as much as anything else the rate was reduced. That was an additional argument why it should be reduced. It is used for the purpose of killing weeds on the farm.

Mr. COPELAND. I assume the Senator means to say that was the argument used?

Mr. EDGE. And very successfully.

Mr. COPELAND. Of course, a very limited amount of the total production of the material is used for that purpose. It is a dangerous article to use anyhow; but as a matter of fact it has other uses much larger and more important than its use on the farm. At the proper time I hope these facts may be brought out. I am frank to say I think it was a mistake, and that it is an injustice to the concern attempting to compete with the foreign manufacturers of an article of great importance to the American people beyond the eradication of weeds.

The VICE PRESIDENT. The clerk will state the next amendment.

The LEGISLATIVE CLERK. The next amendment of the Committee on Finance is on page 33, in line 1, where the committee proposes to strike out "sulphite, bisulphite, metabisulphite."

Mr. SMOOT. The amendment would have the effect of giving these particular items one-half of 1 cent a pound and leaving the thiosulphate and silicate at three-eighths of 1 cent a pound. It gives the same rate as we gave in paragraph 82, but leaves thiosulphate and silicate at three-eighths of a cent a pound, as the House provided, and gives the sulphite and bisulphite one-half a cent per pound, which is the same rate as given in the previous section.

Mr. KING. Under the present law what rate is imposed on sulphate?

Mr. SMOOT. Three-eighths of 1 cent a pound.

Mr. KING. And it is increased now to one-half of 1 cent a pound?

Mr. SMOOT. Yes; on the three items named, just as the increase was made on paragraph 82.

Mr. KING. I understand, and I perceive no reason whatever for the increases.

Mr. SMOOT. Let me call my colleague's atention to the fact that the imports of sodium sulphite have more than doubled since 1925, and the price has steadily declined ever since 1925. Imports of sodium bisulphite have increased more than four-fold since 1925 and it has also decreased in price. If there is any item in the bill that ought to have an increase it is the three items which we have proposed to increase here from three-eighths to one-half of 1 cent per pound.

Mr. KING. As I understand, sodium bisulphite is produced in the United States and was produced to the extent of 30,470,000 pounds in 1927, while the imports in 1928 were only 995,364 pounds. That is a very small percentage of the more than 30,000,000 pounds of production.

Mr. SMOOT. The Senator is quoting the importations of all of the items. If he will take each item by itself, he will find that it would not be so great. That is why we took out the sulphite and bisulphite and gave a rate of one-half cent instead of three-eighths of 1 cent. The importations of those items have very greatly increased. Sodium sulphite has more than doubled in imports since 1925 and the thiosulphate has steadily declined. Compound imports of the other items increased more than four-fold since 1925. I think this is more justifiable than the other.

Mr. KING. When we have, for instance, sodium sulphite with a production of 10,060,000 pounds, sodium bisulphite 30,470,000 pounds, sodium metabisulphite—I have no figures from the Tariff Commission as to the domestic production—and the imports in 1928 were only 995,364 pounds of sodium sulphite as against more than 10,000,000 pounds imported, and of sodium bisulphite and metabisulphite 2,000,000 pounds as against the very large production, it seems to me we are emphasizing protection to too high a degree and seeking to maintain a monopoly rather than afford adequate protection. I think both of the amendments at the top of page 33 should be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment in line 1, page 33.

The amendment was agreed to.

Mr. KING. Mr. President, I reserve the right for a separate vote on the amendment in the Senate.

The VICE PRESIDENT. The next amendment will be stated.

The CHIEF CLERK. On page 33, line 2, the committee proposes to strike out the word "pound" and insert "pound; sulphite, bisulphite, and metabisulphite, one-half of 1 cent per pound."

The amendment was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

The next amendment proposed by the Committee on Finance was, at the top of page 35, to strike out paragraph 98, as follows:

PAR. 98. Wood tar and pitch of wood, and tar oil from wood, 1 cent per pound.

Mr. COPELAND. Mr. President, the Senator from Georgia [Mr. GEORGE] wishes to discuss this amendment.

Mr. SMOOT. Mr. President, this is the last amendment in passing over the chemical schedule for the first time.

Mr. GEORGE entered the Chamber.

Mr. SMOOT. We have reached page 35, paragraph 98, relative to wood tar, pitch of wood, and tar oil from wood, on which the bill as it came from the House imposes a duty of 1 cent per pound. The Committee on Finance have reported an amendment to strike out the paragraph and let the articles go on the free list.

Mr. COPELAND. I will say to the Senator from Georgia that I stated to the chairman of the committee that I thought the Senator from Georgia desired to discuss this amendment.

Mr. SMOOT. Mr. President, I desire to call the attention of the Senate to the fact that with the exception of the year 1926 exports of tar and pitch of wood have exceeded the imports. Therefore the Finance Committee returned those products to the free list. Tar and pitch of wood are produced principally from trees which grow in the Southern States. The output is in

excess of the requirements. In 1928 the imports amounted to 14,570 barrels and the exports to 27,067 barrels.

Under the present law these products are provided for in paragraph 1681 of the free list. The bill as it came from the House proposes to impose a duty of 1 cent a pound, but the Committee on Finance of the Senate accepted the existing law.

Mr. EDGE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Jersey?

Mr. SMOOT. Yes.

Mr. EDGE. Has the Senator from Utah the figures as to the total domestic production?

Mr. SMOOT. Yes; I will give them in just a moment.

Mr. GEORGE. I think I might furnish that information.

Mr. SMOOT. As I stated, I shall have them in just a moment.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. The Senator from Georgia.

Mr. GEORGE. Has the Senator from Utah concluded?

Mr. SMOOT. Yes.

Mr. GEORGE. I wish to thank the Senator from New York [Mr. COPELAND] for directing attention to this paragraph—paragraph 98.

Mr. President, the last authentic figures which I have relative to the products enumerated in paragraph 98 gives the domestic production at 8,446,847 gallons, while the imports for the same year amounted approximately to 500,000 gallons. The producers—and it is from the producers that I get most of the information which I shall now give to the Senate—estimate that the present imports are approximately 10 per cent of domestic production; that is to say, that during the first six months of 1929 the imports have amounted to about 10 per cent of the total domestic production.

It is true that the exports of these commodities have usually exceeded the imports, as the Senator from Utah [Mr. SMOOT] has stated. That, however, was not true in one year, in 1926, when the price of rubber advanced in this country and there was an unusual demand for the use of wood tar and pitch and tar oil in the rehabilitation or reclaiming of rubber, as it is called. The imports in that year amounted to some 40,000 barrels of 280 pounds to the barrel. That was the year of largest importation, and it demonstrated that there was a production of these particular wood products abroad that would respond here to any attractive or even profitable price.

Mr. President, this is a rather unusual industry. There is no tariff on naval stores. The naval-stores products are turpentine and rosin taken from live or growing trees. The wood tar and pitch and oils covered by this paragraph are not taken from the live tree but from the dead tree, from the roots, from the stumps. These stumps are gathered from cut-over lands and are, therefore, waste products unless utilized. The uses of these particular products are growing year by year. The production therefore is growing. Imports come largely from Russia and Poland, and comes to us through the free port of Danzig.

The water rate from the free port of Danzig to the chief consuming centers in the United States is as low as, if not lower than, the freight rate from the chief producing centers in the South. The principle of conservation does not enter here as in the case of growing timber or live trees. These products are made from the stumpage and from the dead trees. Assistance to this industry is very closely related to agricultural relief, because the stumps are on lands which are owned in large part by farmers in Florida, in Georgia, in the Carolinas, in Alabama, and in Mississippi.

Mr. EDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from New Jersey?

Mr. GEORGE. I yield.

Mr. EDGE. I am wondering if the last remark of the Senator from Georgia that the item he is discussing was closely related to agriculture furnished the alibi for the Senator appealing for a duty on a product, the exports of which, generally speaking, are clearly in excess of the imports, the imports being from 7 to 10 per cent of the domestic production, as the Senator, I think, has already stated? On the basis of past votes and divisions in the Senate in the case of commodities in a similar situation, so far as exports being in excess of imports is concerned, the opinion of the Senate has usually been very decisively expressed as against the imposition of any duty. In this case the Finance Committee, because of the facts I have stated, has recommended the transfer of these items to the free list. The Senator takes the position now that they should not go to the free list, as I followed his early discussion.

Mr. GEORGE. Yes, Mr. President; that is the position I take. Here is a commodity which is produced in a few of the Southern States. Like other products of that particular section, the ax has fallen pretty heavily upon it. We do not want this bill to remain an entirely sectional bill. The House considered this question and the House put a small duty on tar, pitch, and oil of wood and sent the bill to the Senate in that form. It is true that the imports amount to only about 10 per cent of the domestic production; it is true that the exports have usually exceeded the imports; but it is also true that since 1923 the imports have been increasing. There was a marked increase of the imports in one year and the imports now are relatively higher.

However, Mr. President, I wish to bring to the attention of the Senate: In the tariff bill a duty has been imposed on many commodities, both raw and manufactured, although the imports amount to only 1 per cent of the production, or less than 1 per cent of the production, and large numbers of commodities have been made dutiable where the imports are less than 10 per cent. While it is true that the imports of pitch and tar of wood amount to only approximately 10 per cent of the domestic production, the Senate ought to bear in mind the fact that the naval stores market—and while this is not naval stores properly, it is very closely related—is made at public auction. The market is not made as in the case of ordinary commodities. For instance, quantities of naval stores are concentrated at the port, and sold at public auction. The price of naval stores is fixed by public bidding, much as tobacco is sold.

Mr. EDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from New Jersey?

Mr. GEORGE. I yield.

Mr. EDGE. I did not want the Senator to misunderstand me and I know he will not. I am not inclined to combat his argument because, as a matter of fact, I am very much pleased to welcome the Senator so far as he will go along protectionist lines.

Mr. GEORGE. I thank the Senator from New Jersey. Mr. President, I said in the beginning of this debate that I believed we should have a truly competitive tariff, and that I was disposed to vote for many of the protective rates. It is believed by those who are engaged in this industry that a tariff will greatly assist it. The producers asked for a 2-cent per pound duty; the House did not agree to that request. The House fixed a duty of 1 cent a pound. This product weighs 8.9 pounds per gallon. The duty, therefore, would be less than 9 cents a gallon. Those of us who recognize the importance of the industry, who know that it is largely the reclamation of an otherwise waste product, and who also know that the industry exists in that part of the country that is most in need of relief, believe that the House provision should be accepted. In other words, that the Senate amendment should be disagreed to.

Just one word more, Mr. President. It is not disputed that the cost of producing these oils and tars of wood abroad is in the neighborhood of 11 cents per gallon, while the cost of producing them in the United States is admitted to be from 25 to 28 cents a gallon. It is, therefore, obvious that a duty of 1 cent a pound is not a prohibitive duty, nor is it a protective duty in the strict sense. It would place the domestic producer somewhat on a basis of equality; it would give him somewhat of a competitive standing in the production and sale of these particular products.

I therefore hope, Mr. President, that the chairman of the committee will agree to recede from the Senate Finance Committee amendment.

Mr. FLETCHER. Mr. President, it is scarcely necessary to attempt to add to what the Senator from Georgia has said on this subject. I should, however, like to emphasize the fact that this industry grows out of a situation like this:

Where pine timberlands are owned, where wood lots and that sort of thing are found, where farmers own land which is used for grazing purposes, and so forth, the timber is taken off for sawmill purposes, making merchandise lumber, and there remain stumps—just simply dead stumps. Fires get in, and in the course of time these stumps are either burned by the fires and totally destroyed, or else they are consumed for fuel purposes here and there, or else they remain and have to be dug up when the land is finally cleared and used for agricultural purposes, and are wasted.

As the Senator from Georgia has so well said, the foundation of this industry is in a product that otherwise would be wasted. When the people in this industry get to work, and it is found sufficiently profitable to do it, these stumps are dug up by machines, or otherwise taken out of the ground, and they are

carried to a mill, where the stumps are ground up, and through a distillation process this pine tar is extracted and put on the market. So that we have here a means of utilizing what otherwise would be totally wasted, and making a commercial product out of it.

There is not at present much profit in the industry. The importations are coming in with very considerable volume. During the year 1928 there were 8,554 barrels of approximately 50 gallons each, or 500 pounds gross weight each, imported into the United States. During the first six months of 1929 there were imported into this country 4,062 barrels. My correspondent, whose letter I desire to have go in the RECORD, says that he would figure the production of pine tar in the United States for the first six months of this year as approximately 50,000 barrels.

That is about the situation. The importations amount to approximately 10 per cent of what is produced in this country, and the importations are increasing. In my judgment this duty ought to be continued as provided in the House bill, and I hope the Senator from Utah will recede from the committee amendment.

I ask to have this letter printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

JACKSONVILLE, FLA., *September 17, 1929.*

Senator DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SIR: Referring to your letter of September 12 requesting information on the importations of pine tar and also approximate production of this product in the United States.

During the year of 1928 there were 8,554 barrels, of approximately 50 gallons each, or 500 pounds gross weight each, imported into the United States. During the first six months of 1929 there were imported into this country 4,062 barrels.

I would figure the production of pine tar in the United States for the first six months of this year as approximately 50,000 barrels.

We figure that during the past year and so far this year the importations of tar from north European countries run approximately about 10 per cent of that that is produced in this country.

The above figures on imports were taken from information sent out by the Bureau of Foreign and Domestic Commeree, and therefore we can be quite sure that the figures are quite approximately correct.

If there is any other information you desire to have we would be very glad to supply same if at all possible.

Yours very truly,

E. W. COLLEDGE, G. S. A. (INC.),
Per E. W. COLLEDGE, *President.*

Mr. SMOOT. Mr. President, I think the Senator is wrong in the amount of exportations or importations of pine tar provided for in this section. I will give the Senator the figures. There are more exportations than there are importations. There always have been.

Mr. GEORGE. No, Mr. President; not every year—not in 1926.

Mr. SMOOT. I think there was one year when the importations were a little more than the exportations.

Mr. GEORGE. Yes—1926.

Mr. SMOOT. But in every other year our exportations have been more than our importations. The committee did not feel justified in putting a duty upon this article because of the fact that clear through the bill, in cases of that kind, the policy has been not to change the existing law.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Georgia?

Mr. FLETCHER. I yield to the Senator.

Mr. GEORGE. With the Senator's permission, I should like to call the attention of the Senator from Utah to one fact.

The exports of this product have been very largely to Canada, where there is no similar production. The imports, of course, all come to us—I say "all"; practically all—from Russia, from Poland, and some small quantity from Finland. On the other hand, our exports are very largely to Canada, and some exports to France.

Mr. SMOOT. Of course, if Canada could get the product cheaper from any other country she certainly would do so, and we would not have that export trade.

Mr. GEORGE. Our exports amount to only 6 per cent of our production, so the exports are small, anyway.

Mr. SMOOT. Yes. The imports are small, too. The exports are small, as well as the imports. If we are going to carry out the theory of the bill, of course it would be impossible for us to put a duty upon pine tar under the conditions existing to-day and those that have existed in the past. I am perfectly willing that the Senate shall take a vote on the matter.

Mr. FLETCHER. Here is an industry that can be increased. As the pine timber is taken off for milling, commercial purposes, conversion into lumber, these stumps remain; and there is no reason why this should not be an important industry and grow to a very considerable extent. The cost of taking up these stumps and grinding them and then distilling them and getting this tar is such that it seems to me, if we are justified in imposing a tariff upon anything, that we ought to put on this duty here—not, as the Senator has said, that it would exclude imports, but it would provide revenue and it would give reasonable protection in a way to the people engaged in this industry.

Importations are growing. The industry can expand, and it ought to be reasonably encouraged. Those engaged in it are apprehensive that these importations will grow larger; and certainly there is no prospect that the cost of producing the product will be decreased.

I hope the Senate will reject the committee amendment.

Mr. SMOOT. Mr. President, as I understand, the price of the oil is about 2¼ cents a pound. A duty of 1 cent a pound is virtually a 50 per cent ad valorem rate. I do not believe the Senator can justify that in view of the exportations.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. SMOOT. As I say, the price of this tar and pitch of wood is about 2¼ cents a pound. That being the case, it does seem to me that a duty of 1 cent a pound is altogether out of proportion. In other words, on this article, of which we are exporting more than we import, a duty of about 50 per cent ad valorem seems to me unreasonable.

Mr. GEORGE. Mr. President, I think the Senator will find that the landed cost of the imports runs around 11 cents. I do not know just where the Senator gets his figure that it costs only 3½ cents or 2¼ to 2½ cents. I did not understand his statement about it.

Mr. SMOOT. I will send for the figures, Mr. President.

Mr. FLETCHER. I think there is some confusion about gallons and pounds.

Mr. GEORGE. Yes; there may be. A duty of 1 cent per pound is less than 9 cents a gallon; and the Senator probably has confused gallons with pounds, as the Senator from Florida says. The producers earnestly urged the House to give them a duty of 2 cents a pound, but the House fixed the duty at 1 cent a pound only. The landed cost per gallon is approximately 11 to 12 cents.

Mr. SMOOT. A gallon?

Mr. GEORGE. A gallon; and the gallon weighs 8.9 pounds; so that a duty of 1 cent a pound would be less than 9 cents a gallon on the product.

Mr. SMOOT. At 9 cents a gallon, on a cost of 11 cents a gallon, it is even worse than I thought it was.

Mr. GEORGE. I think it would run about that.

Mr. SMOOT. I did not think the duty was so large a proportion of the cost.

Mr. GEORGE. That, of course, is the export or foreign value.

Mr. SMOOT. All of our rates are based on the import price.

Mr. GEORGE. I am not speaking of the domestic value.

Mr. SMOOT. If that were the case, the duty would be 9 cents a gallon on a valuation of 11 cents a gallon. That would be over 80 per cent. If we are going to have a duty, I do not think it is necessary to have one as high as a cent a pound, because that would be 80 per cent and over.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee. [Putting the question.] The "noes" seem to have it. The "noes" have it, and the amendment is rejected.

Mr. SMOOT. Mr. President, if that is the case, will not the Senator accept an amendment making the rate one-half cent a pound? If the price quoted by the Senator is correct, that would be about 50 per cent.

Mr. GEORGE. Mr. President, I should not feel justified in doing that, because the undisputed testimony and the undisputed facts are to the effect that the cost of manufacturing this product in the United States is from 25 to 28 cents a gallon. It is, of course, a relatively cheap product; and the duty of 1 cent per pound does make a high ad valorem, but that is because of the very cheapness of the product. It seems to me that, if any duty at all is to be placed on the product, it should be a duty of 1 cent a pound.

Mr. SMOOT. That is over 80 per cent ad valorem.

Mr. President, there are hardly any Senators in the Chamber; and I will reserve the right to have a separate vote on this amendment when the bill reaches the Senate. In the meantime,

I hope to talk the matter over with the Senator and see if we can not come to some agreement in regard to it.

The VICE PRESIDENT. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 35, line 3, after the words "Schedule 2," to insert "Earths, earthenware, and glassware."

Mr. SMOOT. Mr. President, a number of amendments were passed over that I should like to take up now.

The VICE PRESIDENT. The Chair suggests that a vote be taken on this amendment to the subhead.

The amendment was agreed to.

Mr. SMOOT. The first amendment passed over in Schedule 1 will be found on page 7.

The VICE PRESIDENT. The amendment will be stated.

Mr. SMOOT. Before that is done, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Gillett	Keyes	Simmons
Ashurst	Glass	King	Smoot
Barkley	Glenn	McKellar	Steiwer
Bingham	Goff	McNary	Swanson
Black	Goldsborough	Norbeck	Thomas, Idaho
Blaine	Gould	Norris	Thomas, Okla.
Blease	Greene	Nye	Townsend
Borah	Hale	Oddie	Tydings
Brock	Harris	Overman	Vandenberg
Brookhart	Harrison	Patterson	Wagner
Broussard	Hastings	Phipps	Walcott
Caraway	Hawes	Pine	Walsh, Mass.
Copeland	Hayden	Pittman	Walsh, Mont.
Couzens	Hebert	Ransdell	Warren
Cutting	Heflin	Reed	Waterman
Edge	Howell	Robinson, Ind.	Wheeler
Fletcher	Johnson	Schall	
Frazier	Jones	Sheppard	
George	Kendrick	Shortridge	

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

Mr. McKELLAR. Mr. President, I have in my hand the text of a White House statement that has just been made in reference to the tariff bill, which I desire to read at this time. The statement is as follows:

The President was visited yesterday by a number of Senators, all of whom called at their own suggestions, and presented to him the grave situation that has arisen by delays in tariff legislation. They called attention to the fact that the Senate has had the tariff bill since June, with 15 schedules to work out, and has not yet completed Schedule 1. It was pointed out that a large amount of important legislation must be undertaken at the regular session which would be prevented by carrying the debate into the next session. Some of the Senators considered progress hopeless, as it appeared to them that the coalition intended to delay or defeat legislation or did not intend to give adequate protection to industry. Others felt that some understanding should be attempted among Senate leaders by which the bill could be sent into conference with the House at an early date.

The President said, as he has uniformly stated, his position, that campaign promises should be carried out by which adequate protection should be given to agriculture and to the industries where the changes in economic situations demand their assistance. He stated that he could not believe and therefore would not admit that the United States Senate was unable to legislate and that the interests of the country required that legislation should be completed during the special session.

The President has declined to interfere or to express any opinion on the details of rates or any compromise thereof, as it is obvious that, if for no other reason, he could not pretend to have the necessary information in respect to many thousands of different commodities which such determination requires, but he pointed out that the wide differences of opinion and the length of the discussions in the Senate were themselves ample demonstration of the desirability of a real flexible clause in order that injustice in rates could be promptly corrected by scientific and impartial investigation and put in action without such delays as the present discussions give proof. He urged the Republican leaders to get together and see if they could not expedite the early completion of the schedules, and thus send the bill to conference with the House within the next two weeks.

Mr. President, this is now the 31st of October. It has taken the President a long time to urge expedition in the handling of this bill. In this connection I want to quote from an interview given out by the senior Senator from Mississippi [Mr. HARRISON] as early as June 26 last. This is what the Senator from Mississippi then said:

"President Hoover ought to tell the Senate Finance Committee where he stands on the Hawley tariff bill," said Senator PAT HARRISON, who is a member of the committee now considering the bill. "By so doing, he could not only save weeks, if not months of time with the public expense attached thereto, but could relieve the suspense of business, and incidentally, a lot of public anxiety.

"As soon as the Agricultural Committee of the Senate reported the so-called farm relief bill with the debenture feature as a part of it, the President took occasion to send its chairman, Senator MCNARY, a letter which was promptly given to the press, calling the committee's attention to the President's objection to the debenture plan.

"The tariff bill, so far, has been created by the House Committee on Ways and Means, reported to the House, and passed by the House, with high protective schedules on a variety of subjects, amounting to a general revision of the tariff. A resolution by Senator BORAH, restricting the tariff hearings of the Finance Committee to agricultural schedules was voted upon and rejected. Subcommittees of the Finance Committee have been in progress now 10 days or so.

"Every few days, or even more often, word comes in an 'authoritative,' though not in a public way, that the President will veto the bill, if the rates are too high, or the revision too general.

"Senator SMOOT, chairman of the Committee on Finance, in a discussion with Senator ROBINSON of Arkansas, on the floor of the Senate on June 14, committed himself to a general revision of the tariff.

"It seems to me that if the President has any intention of vetoing the bill or any direct views regarding the tariff contrary to those that are now under way, he should make them public, so that the Committee on Finance may act accordingly.

"The public's interests can be best served by the President giving notice now rather than having all this time wasted.

"If it is the President's intention to veto the tariff bill, as we so frequently hear, he should send a letter to the Finance Committee, stating that the bill should be limited to certain schedules, and an indication of such limitations, also his views as to any increase in rates, or the changing of any rates on existing schedules. He should take the Finance Committee and the country into his confidence and let the tariff work proceed in the fullest light possible."

Mr. President, it will thus be seen that a Democratic member of the Finance Committee more than four months ago urged the President to do what he is attempting to do now four months afterward—speed up the bill and give the country and give the Senate his views about it.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Kentucky?

Mr. McKELLAR. In just one moment. In so far as this statement just given out is concerned, the country and the Senate will be just as much in the dark as before, so far as the views of the President in regard to the bill are concerned, except that he would like to see it passed by the Senate within the next two weeks. That is the only definite thing in this communication. Evidently Senators on the other side of the aisle have been trying their best to get the President to aid them by giving them his views in reference to this matter. All the aid he gives is that at this belated hour, just 30 days before the session is to adjourn, he comes in and says that the bill ought to be passed in two weeks. That is the extent of the aid the President is giving the Senate at this time. I yield to the Senator from Kentucky.

Mr. BARKLEY. I rose to inquire of the Senator from Tennessee whether this statement just issued from the White House gives any intimation of the President's view of the pending tariff bill as it is now before the Senate, what rates ought to be increased and what rates ought to be lowered, what he will do with it if it is sent to him in its present shape. In other words, does he throw any light whatever on his views as to the merits of the bill, the thing about which the Republican leaders, no doubt, have been endeavoring to secure an opinion from him?

Mr. McKELLAR. The only light it shed on the present situation is this, apparently, that he restates and reiterates his intense desire to have legislative duties left with him—that is to say, that he is opposed to the taking away of his power to change rates under the so-called presidential flexible clause. The other matter contained in the communication is that he would like to have the bill passed within two weeks. He does say that he does not know much about rates and is not going to take any part in the fixing of rates.

Mr. BARKLEY. Mr. President, does not the Senator think that the suggestion coming from any source that a bill of this nature, containing 15 schedules and 21,000 items, could be deliberated upon and passed in two weeks reflects small credit on the understanding of anyone who would issue such a statement?

Mr. COPELAND, Mr. SMOOT, and Mr. GILLETT addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLER. I yield to the Senator from New York.

Mr. COPELAND. Did the President state that the bill could be passed in two weeks?

Mr. McKELLAR. I will read the exact words, because I would not misquote the President in any way:

He urged the Republican leaders to get together and see if they could not expedite the early completion of the schedules and thus send the bill to conference with the House within the next two weeks.

Mr. JOHNSON. What leaders?

Mr. McKELLAR. The Republican leaders.

Mr. JOHNSON. Whom did he name?

The VICE PRESIDENT. The Chair hopes that Senators desiring to interrupt will first address the Chair. Three or four Senators are trying to speak at the same time. Does the Senator from Tennessee yield to the Senator from California?

Mr. McKELLAR. I yield.

Mr. JOHNSON. May I inquire what leaders the President named?

Mr. McKELLAR. In this statement he named no leaders. It is said that leading Republican Senators called on him yesterday and he had a talk with them. The Senator was not in the Chamber, I believe, when I read the statement coming from the White House. It does not name any leaders, but says that after talking with Senators yesterday the President urged them to get together and get the bill into conference within two weeks.

Mr. JOHNSON. Who is to get together, and upon what are they to get together? What did he say about that?

Mr. McKELLAR. The Senator would know more about that than I would. The statement reads:

He urged the Republican leaders to get together and see if they could not expedite the early completion of the schedules and thus send the bill to conference with the House within the next two weeks.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from California?

Mr. McKELLAR. I yield.

Mr. JOHNSON. I am sure that the Senator is reading something that never was uttered by the President. It seems incredible that any such statement should have been given out by the President, and I beg the Senator to make very certain of what he is doing because this can not be accurate.

Mr. McKELLAR. I have it as given to me by newspaper men, and that is the only knowledge I have of it. Of course, if I have been misled as to the statement given out by the White House, I am sorry. I will ask the Senator from Utah [Mr. SMOOT] if he has seen the statement, because I would not want to mislead anyone on earth about it.

Mr. SMOOT. I have not seen the statement. I just heard the Senator read it.

Mr. McKELLAR. I will ask the Senator from Pennsylvania [Mr. REED] if he has seen the statement given out by the White House?

Mr. REED. No, Mr. President; I never saw it and had not heard of it until it was read by the Senator from Tennessee.

Mr. McKELLAR. It was sent to me by newspaper men. I will ask if any other Senator has seen the statement?

Mr. SIMMONS and Mr. BARKLEY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I will yield first to the Senator from North Carolina.

Mr. SIMMONS. I have seen what purports to be a statement from the President and it is the same as the Senator has read. But I feel as the Senator from California [Mr. JOHNSON] does about the statement. I am disposed to question it, because the statement says that we ought to act upon the bill and send it to conference in the next two weeks. Certainly the President of the United States after conferring with the majority leader, the Senator from Indiana [Mr. WATSON], who said that he saw the President on yesterday, would not say that it is possible for the Senate to dispose of 15 schedules in 12 working days, which would be a little more than one schedule per day. That seems to be so unreasonable that I can not believe that the statement really was issued by the President after he had this conference. There must be some mistake about it.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Iowa?

Mr. McKELLAR. Let me comment first on what the Senator from North Carolina has said. I am inclined to feel, as do the Senator from California and the Senator from North Carolina, that it is almost inconceivable that the President would give out a statement of this kind about the pending situation.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. McKELLAR. In one moment. I have no doubt that it is a correct statement, if I may judge from the source from which I received it. If any Senator has any information to the effect that it is incorrect, I would be very happy to have him interrupt me here and now and say that it is incorrect, because it is inconceivable that the President should issue such a statement.

The VICE PRESIDENT. The Chair desires to announce that no Senator has a right to ask other Senators on the floor to comment in that way. The Chair desires to announce that the Senator having the floor, except by unanimous consent can yield only for a question. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I am going to yield first to the Senator from Massachusetts [Mr. GILLETT], who rose some time ago. I intended to yield to him sooner. I apologize and am glad to yield to him now.

Mr. GILLETT. Mr. President, I wish to say in connection with the question of whether or not the memorandum is correct that the leader on the Democratic side only a month ago told us that it was not only his wish but his opinion that we could complete the consideration of the bill by the first of November. That is my recollection.

Mr. McKELLAR. I do not recall it. I think it has been the hope of those of us on this side of the aisle and of many on the other side of the aisle to get the bill through at the present session of Congress. I am quite sure that Senators on this side of the aisle have not impeded the progress of the bill.

Mr. HARRISON. Mr. President——

Mr. McKELLAR. I yield to the Senator from Mississippi.

Mr. HARRISON. May I ask the Senator, since there is so much doubt raised among the Republicans in the Senate as to whether or not the President issued the statement, if he does not think it advisable to have a committee appointed to investigate and report on the subject?

Mr. McKELLAR. My own view is that the statement is an absolutely genuine statement. I do not believe any newspaper man in the world would send this statement in here to a Senator unless it was a genuine bona fide statement.

Mr. SWANSON. Mr. President, will the Senator yield?

Mr. McKELLAR. In a moment. I can not understand how Senators on the other side of the aisle and even Senators on this side of the aisle could wonder whether or not any such statement ever emanated from the President of the United States. I yield now to the Senator from Virginia.

Mr. SWANSON. It seems to me that the statement bears the unmistakable marks of the President's mind and action since the Congress met in extraordinary session. We have a picture here of a disorganized party going to the White House, a scattered mob, to appeal to its leader to reach a decision and lead them to victory and not let them remain scattered as a mob. The statement would indicate that the President was silent, that he said nothing, that "We have nothing to do with rates, nothing to do with anything but to get what I previously recommended. Give me the flexible provision. Give me the power to fix rates, which I will turn over to a tariff commission, not having the time myself to find what the rates are."

The next thing is speed. It is the same speed that prevailed in the House which the President dominates, dictates to, and controls. Consequently the idea of refusing to be the leader of the disorganized army of which he was elected to be the leader, leaving them scattered, routed, divided, would seem to indicate that he intends to take care of himself in the mêlée, and that he is asking simply for the privilege of having the right to pass on tariff rates himself, and then his asking for speed is in thorough accord with what he has done since the extra session was called. It is unmistakably the President's very thought and action. I think it is a correct statement.

Mr. HARRISON. Mr. President, will the Senator yield to me to enable me to ask the Senator from Virginia a question?

Mr. McKELLAR. The Vice President objects to that being done.

The VICE PRESIDENT. The Chair suggests again that the Senator may yield only for a question.

Mr. HARRISON. Will the Senator yield for a question?

Mr. McKELLAR. I yield to the Senator from Mississippi for a question.

Mr. HARRISON. My question is that I want to call the attention of the Senator from Virginia [Mr. SWANSON] to the fact that he has done the President a great injustice. He has said that this statement does not show that the President committed himself to anything. The President did state in this statement that the Republican leaders who visited him said there is a grave situation existing in the United States Senate.

Mr. BARKLEY. And in the country.

Mr. REED. Mr. President, will the Senator from Tennessee yield for a question?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Pennsylvania?

Mr. McKELLAR. I yield.

Mr. REED. Am I to understand the Senator to disagree with the statement of the President that the bill might not be passed in two weeks?

Mr. McKELLAR. In view of the history of tariff legislation, I do not see how it would be possible to pass the bill within the next two weeks. I will call the Senator's attention to one item only, and that is the sugar item. I do not believe that the sugar item could be disposed of in less than two weeks. A number of Senators who are intensely opposed to the amendment increasing the tariff on sugar—and I am one of them—want to be heard, and I imagine that almost every Senator here is interested in the provision. It is certain to bring on a great deal of debate, as the Senator knows. Therefore I will ask the Senator if he thinks that the bill could be passed in the next two weeks?

Mr. REED. If the Senator will permit another question——

Mr. McKELLAR. Will the Senator answer that question first?

Mr. REED. I will, but first let me ask the Senator how long he thinks it would take to dispose of the 16 schedules and pass the bill?

Mr. McKELLAR. I am very much in hopes that we might be able to complete the bill by, say, the first day of January. It depends largely on the Vare case. I understand the Vare case is likely not to take any time, that the Senator from Pennsylvania is going to make a speech, and probably there will be one other speech, and it might take no longer than one day to decide upon the Vare case. If that is done it seems to me that we might reasonably expect to pass the bill finally by the 1st of January.

Will the Senator answer the question that I asked him, whether he thinks the bill can be completed within the next two weeks?

Mr. REED. It has not seemed possible to me in view of the attitude of the coalition.

Mr. McKELLAR. Would it be possible under any circumstances except merely by accepting the committee's statements without any argument, and has that been done in connection with any tariff bill?

Mr. REED. No tariff bill has been passed at that speed so far as I can recollect.

Mr. McKELLAR. So that the Senator would say, looking at it from his long experience and knowledge, that it would be virtually impossible to pass the bill within the next two weeks?

Mr. REED. I do not think it impossible, but in view of the attitude of the coalition, which constitutes the majority, I think that it is entirely improbable.

Mr. McKELLAR. The coalition desires very much to bring the bill to an early conclusion.

Mr. REED. I have noticed no evidence of that desire.

Mr. McKELLAR. I recall that as long ago as June, 1929, the Senator from Mississippi [Mr. HARRISON] was then urging the President to take steps to expedite the bill, and time and again the Senator from Mississippi on the floor of the Senate urged—and I think the Senator from North Carolina [Mr. SIMMONS] joined with him—if my recollection is correct, in urging that we proceed as rapidly as possible with the bill.

Mr. REED. The Senator from Mississippi has been very generous in his advice to the President ever since the special session first convened.

Mr. CARAWAY. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Arkansas?

Mr. McKELLAR. I yield.

Mr. CARAWAY. I want to ask the Senator from Tennessee why he appealed to the Senator from Pennsylvania about the length of time required to pass the bill when the Senator from Pennsylvania has already pronounced it dead? He was the first man I know of who advised the country that they had decided to kill their own bill.

Mr. McKELLAR. Yes; I read that in the paper. I did not hear the Senator make that statement personally on the floor of the Senate, but I read in the paper interviews purporting to be given out by the Senator from Pennsylvania saying that the bill was already dead. I do not agree with the Senator from Pennsylvania in any manner, shape, or form, because I do not think the bill is dead. I think it is our duty to go forward with it and pass it at the earliest possible moment.

Mr. REED, Mr. BARKLEY, and Mr. SWANSON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I will yield first to the Senator from Pennsylvania.

Mr. REED. I agree with the Senator's conception of our duty that we ought to go ahead and pass the bill at the earliest possible moment, but I am still of the opinion that the coalition will not permit it to be done.

Mr. McKELLAR. I now yield to the Senator from Kentucky.

Mr. BARKLEY. Does not the Senator from Tennessee think if the Senate would adopt a rule prohibiting amendments by Members of the Senate except from the Finance Committee, would adopt a rule prohibiting debate, and would adopt a rule offering opportunity for only one motion, and that is a motion to recommit, that within two weeks we could pass this bill in the form in which it was reported by the Finance Committee and as amended by it alone?

Mr. McKELLAR. Yes, Mr. President; I agree that the bill could be passed by such methods as those; but I am utterly opposed to any such methods, and I believe that nine-tenths of the Senate are utterly opposed to any such methods. Certainly they are opposed to the closure of debate, and I am quite sure that such methods will not be adopted.

Mr. SWANSON, Mr. COPELAND, and Mr. BLAINE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. The Senator from Virginia [Mr. SWANSON] first rose, and I will yield to him.

Mr. SWANSON. Mr. President, why the call for extraordinary speed in the passage of the pending bill, as if there were some other proposed legislation to be considered? If we shall adjourn before the regular session, nothing will be done, of course, until that time; and if we should continue in session, there would be no other business than the consideration and discussion of the pending bill. Ordinarily when the Senate meets in regular session in December nothing is done during that month. I do not recall a regular session where anything of practical consequence was accomplished until January.

I protest against the effort to railroad the tariff bill through the Senate without adequate consideration, and the effort to place burdens on the people of the United States which the Senate is not willing should be placed upon them.

As I have suggested, if we were to adjourn now, what would be done between now and December? And at the regular session in December there will be practically no other legislation to consider until January, when the committees submit reports. Frequently in December it has been the practice to adjourn from day to day. How better can we spend the time than to stay here and seek to frame a good bill, one that will be just to the great masses of the American people? It seems that speed is desired, and in order to secure expedition there is a demand that we pass the bill without examination and discussion. The discussion so far on the pending bill has made it so odious that it has hardly found a supporter in this body.

The VICE PRESIDENT. The Chair announces that should there be any more yielding by Senators for speeches, the Chair will hold that the Senator so yielding yields the floor.

Mr. McKELLAR. I promised to yield to two other Senators, one being the Senator from New York. I first yield to the Senator from New York, then I will yield to the Senator from Wisconsin, and then I am going to yield the floor.

Mr. COPELAND. Mr. President, we have had considerable fun about this statement, but let us look at it seriously for a moment.

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from New York for a speech?

Mr. McKELLAR. I am obliged to yield the floor.

The VICE PRESIDENT. The Senator from New York.

Mr. COPELAND. Mr. President, let us look at the matter for a moment. The statement of the President will be printed in every newspaper in the United States from Maine to California to-morrow; it will be stated that the coalition in the Senate is delaying business, and that if it would give in and act as the President wants it to act, the tariff bill could be passed in two weeks.

Mr. President, it is not fair to the country or to the Senate to have such an impression prevail. If the bill had been made in conformity to the President's message, if it had been limited to farm relief and to a limited number of items, we could have gotten through long before now; but it is not fair for the President—and I say it with all respect to his high office—to give the country the impression that we could pass the bill providing for a general revision of the tariff in two weeks.

Nobody who is informed believes it. We have been two weeks on one schedule; we have 15 more schedules; and if we shall finish the bill in 30 weeks—in seven months from now—we shall be doing very well, indeed.

It is not to be expected that the thousands of items in the pending bill can be passed on in any intelligent, proper, and patriotic manner except by the consumption of time; and I say it is not fair for the President to give the impression to the country that because we are seeking to do the right thing by the people of the United States we are therefore interfering with the progress of the legislation and interposing objections which are improper. Those of us who are here and are familiar with the facts know that we are not seeking at all to defeat the bill, but we are trying to make a bill worthy of our votes.

I protest, Mr. President, that it is unfair for the President of the United States to make use of his high office to give the impression to the country that those who are objecting to some of the schedules proposed are interfering with the progress of legislation in any improper manner.

Mr. BORAH. Mr. President, I am going to detain the Senate for but a moment. Undoubtedly it will take some time to pass this bill; just how long, it would be futile to prophesy, but I do think that we ought to devote our entire time to an effort to pass it. We are not making any progress with the tariff bill by discussing these extraneous matters. Those whom the able Senator from Pennsylvania [Mr. REED] called the coalition are practically in charge of the bill, and we ought to devote our time to putting it in the shape in which we want it and pass it up to the President. Then the President can speak with a great deal more authority than he can at this time.

The VICE PRESIDENT. The question is on the amendment, which the Secretary will state.

Mr. WALSH of Montana. Mr. President, I rise in consequence of some observations to the effect that the delay in the passage of the pending bill is due to the attitude of the coalition, and that the bill can be passed within two weeks provided the coalition is willing to have it pass within that time.

What has been the attitude of the coalition? What obstructive tactics have the coalition, so called, pursued? I think everybody will agree that the debate on the pending bill so far has proceeded without even a suggestion of a filibuster; without any attempt from any quarter whatever to consume time; without the introduction of any extraneous matter at all. Practically speaking, all other business has been set aside.

The statement then means that too much time has been taken in the expression of legitimate objection to the bill. If there is any delay at all, it arises from that reason. Of course, if the coalition is perfectly willing to vote in favor of every amendment proposed by the majority of the committee, we can pass this bill within two weeks; and that is obviously what we are asked to do. In other words, to withhold any objection whatever we may have to any of the items of the bill.

Mr. EDGE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New Jersey?

Mr. WALSH of Montana. I yield.

Mr. EDGE. I ask the Senator if what he has just stated is an entirely correct analysis of this statement? As I heard it read, it does not seem to me to be so. Whether the statement helps the situation or not is aside from the question, but did not the President suggest that the Republican leaders, whoever they may be, should get together? That would not imply, as I interpret it, that the bill as reported by the Finance Committee should necessarily be accepted, but it certainly meant that various viewpoints or schools of thought among the majority party should, if possible, be brought together.

Mr. WALSH of Montana. I was going to make that suggestion.

Mr. President, everybody recognizes that much of the delay in the passage of the pending proposed legislation is due to the fact that as it stands it is opposed by a majority of this body, and likewise it is opposed by a very large section of the country devoted distinctly to the industry of agriculture. That is what is the trouble with this bill. Of course, if they would withdraw their objections to it, it would go along without any hesitation at all.

The President, in his desire to have the passage of the bill expedited, proposes that Republican leaders get together and see what they can do to expedite its passage. It is quite common knowledge that the Republican leaders conferring with the President yesterday were the Senator from Indiana [Mr. WATSON], the Senator from Utah [Mr. SMOOT]——

Mr. SMOOT. I was not there.

Mr. WALSH of Montana. The Senator from Oregon [Mr. MCNARY], the Senator from Pennsylvania [Mr. REED], and I think one other Senator—at least, that is what the press reports tell us.

There is no need of the President consulting with those gentlemen concerning the expedition of the bill. They are with him; they want to have the bill passed practically as it stands, practically as it came from the House, or, at least, as it came from the Finance Committee. If the President wants to expedite the passage of the bill it will be quite reasonable for him to call into conference some of those who are opposed to the bill as it stands, and see if the differences can not be adjusted in some way so as to expedite the passage of the bill. I have not heard that the President has been in conference with any other Senators upon either side of the Chamber who entertain objections to the bill.

Mr. EDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New Jersey?

Mr. WALSH of Montana. I yield.

Mr. EDGE. Again from recollection, I think the statement sets forth that the President had not sent for any of the Senators who happened to visit the White House.

Mr. WALSH of Montana. The statement actually says that the Senators referred to called of their own accord, and, of course, they called of their own accord, and doubtless to advise the President that it is utterly impossible to pass this bill within the limits of the extra session; certainly they could not have advised him that it was possible to pass it within two weeks.

Mr. President, this constant hammering away at those who are opposed to this bill, the charge that they are obstructing legislation, the charge that they are preventing the passage of the bill is obviously for the purpose of arraigning public opinion against them so that they will desist from the proper presentation of any objection they may have to it. Whether or not that kind of a campaign will succeed, now reinforced by the President, will depend upon the stamina exhibited by those Members of this body who find objections to the measure.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Virginia?

Mr. WALSH of Montana. I yield.

Mr. GLASS. What is the meaning of all this talk about a coalition in the Senate? Nobody on the other side of the Chamber and not a soul on this side of the Chamber has ever made a suggestion to me as to how I should vote on any item in the pending tariff bill. So what is the coalition? It means in substance, in its final analysis, that a majority of the Members of the Senate, composed largely of Senators on each side of the Chamber, are opposed to this bill.

Mr. WALSH of Montana. Quite so.

Mr. GLASS. We have presented to us one of the most unique situations that I have ever known in all of my public experience. When this bill came from the House it was almost universally denounced in the press. I happen to recall that so sane a paper as the New York Times in its editorial columns was literally merciless in its criticism of the House bill. Yet that newspaper has been quite as merciless in its denunciation of a majority of the Senate because that majority has proposed to improve the bill which that newspaper denounced without reservation and in the most intemperate way. That is the situation that we have to face in this controversy.

Mr. WALSH of Montana. Mr. President, I merely wish to add that if the President really desires to expedite the passage of this bill he can do it easily by indicating to his friends upon the Republican side of the Chamber, who are urging the passage of this bill practically as it comes from the Finance Committee, that he is opposed to a great many of the increases in rates. It would cut short otherwise necessary debate if anyone authorized to speak for him would rise and say, "The President believes that this rate ought not to be incorporated in the bill; that it is too high."

The President in his statement has referred to the value of the flexible provision of the tariff act, and to the misfortune which would ensue if that provision of the law should not be continued in the pending bill. In considering the delay in the Senate in the disposition of a bill embracing more than 4,000 items, let us not forget that the record discloses that the Executive and the Tariff Commission have been able within seven years to dispose of just 37 items. But, Mr. President, if the Executive would only indicate in some way or other to his friends here whether he wants them to go on and fight for all these rates, as they have been doing, or whether he desires to have them withdraw from urging these increases, it would undoubtedly help a lot. For instance, if he would indicate that he is opposed to raising the duty on sugar from $1.76 as provided in the present law to $2.20 net as provided in the present bill,

or would like to have the conclusion of the commission adopted that $1.22 represents the difference in the cost of production in this country and abroad, it would shorten very much the debate upon the sugar schedule.

Mr. GLENN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Illinois?

Mr. WALSH of Montana. In just a moment. If the President would indicate whether he approves of raises in the rates upon 44 out of 52 leading products of the State of Connecticut, he would help a lot. If he would indicate that he disapproves of similar raises on the leading products of the State of Pennsylvania, he would help the passage of this bill quite a little. So long as his views have been defied, and instead of a bill dealing with agricultural products alone and a limited revision of the industrial schedules a bill comes in here that makes raises in every schedule of the entire 15, and covers practically the entire field, he can not expect that the measure is going to be disposed of with the celerity which his statement, to-day given, indicates that he desires.

I now yield to the Senator from Illinois.

Mr. GLENN. Mr. President, does the Senator from Montana sincerely believe that such action by the President would be a proper exercise of his function?

Mr. WALSH of Montana. Why not? Has the Senator any doubt that Presidents of the United States have repeatedly called their friends in the Senate to talk with them and have urged the action that they ought to take with respect to legislation here?

Mr. GLENN. I am merely asking for the Senator's opinion, because I have heard directly opposite views expressed on the floor this afternoon by two of the leading Members of the minority, the Senator from Mississippi [Mr. HARRISON] taking one view, as I recall, and the Senator from North Carolina [Mr. SIMMONS] taking exactly the opposite position.

Mr. WALSH of Montana. I can not recall a President of the United States who did not call his friends to the White House and indicate to them generally what his attitude was with respect to important legislation.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Virginia?

Mr. WALSH of Montana. I yield.

Mr. GLASS. Has not the present occupant of the White House done that very thing? Did he not tell the Senate that he did not want the debenture?

Mr. GLENN. Oh, I am quite aware that that would be the answer made by the Senator, perhaps; but the fact that the President has erred, in the opinion of some Members who have taken the position that he made a great mistake, is no reason why he should continue further in his error.

Mr. GLASS. Well, he ought to make the mistake on the right side of the question instead of on the wrong side.

Mr. REED. Mr. President, the situation has been made very much plainer by the brave candor of the Senator from Idaho [Mr. BORAH].

When the Finance Committee set to work upon this bill, the Republican majority of that committee, acting in accordance with its philosophy of the tariff and its understanding of the Republican philosophy of the tariff, spent weeks of conscientious work and reported here a bill in which the majority of the committee believe.

After the bill had been reported, it was very plain to all of us that it was not approved by a majority of the Members of the United States Senate; and in time, in the papers and on the floor, that disapproving majority of the Senate came to be known as the coalition. Every man, woman, and child in the United States who has given any thought to tariff revision since the Senate began its work knows what is meant when the coalition is spoken of. Most of the Senators who have discussed the situation of the bill here know perfectly what is meant by the term "coalition"; and they know that by that phrase they describe the Democratic Senators, or practically all of them, and a group of a dozen or fourteen Senators who sit on this side of the aisle, whose thought marches in step—if I may mix my metaphor—with that of the Democrats.

Mr. CARAWAY. Mr. President, it may be the facts and not the rhetoric that the Senator is mixing.

Mr. REED. Mr. President, the Senator from Idaho has very frankly and candidly stated the situation. The coalition—that is, the great majority of the Democrats here and the dozen or fourteen Republicans who think with them—are in actual charge of tariff legislation in the Senate.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. REED. Just a minute. They control the action that this body will take. I am glad to hear the Senator from Idaho admit that frankly, because I think it is something that all of us have recognized and not many of us have stated.

That being so, the coalition is going to write its tariff bill here in the Senate. I think the statement of the President is optimistic when he implies that a group of Republican leaders could, if they would, put this bill through in two weeks. I myself am not so optimistic as is the President. I do not believe that a group of Republican leaders could put this bill through in two years unless the coalition is willing that it should be put through; and when it is put through it will be in the form in which the coalition wishes it to be. Then it will go to conference, and we shall have an insoluble difference of opinion between Senate and House.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. REED. Just a minute.

The bill that the majority of the Senate will pass can not, in my opinion, ever be accepted by a majority in the House of Representatives, and that is why I prophesied with such confidence that this tariff bill is dead. That is the situation. Now the country—which has reasoned it out for itself to that conclusion, I think—has it on the authority of the Senator from Idaho. The coalition is in charge of this bill, and we in the minority will be outvoted at every turn, and the bill will be as the coalition wishes it to be.

Mr. GLASS, Mr. NORRIS, Mr. BROOKHART, and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield; and to whom?

Mr. REED. I yield to the Senator from Virginia for a question.

Mr. GLASS. Mr. President, I desire to ask the Senator from Pennsylvania, if what he says be true, why do you persist in your opposition, then, and prolong the debate? Why do you not accept the amendments that the coalition offers to this bill and let us go ahead and pass it?

Mr. REED. Four-fifths of the debate on this measure up to the present time has come from the coalition.

Mr. GLASS. I should question the accuracy of that statement.

Mr. REED. The accuracy of the statement is proven by the figures which were put in the RECORD by the Senator from Utah [Mr. SMOOT], showing the number of pages of the RECORD consumed on this bill.

Mr. GLASS. Mr. President——

Mr. REED. Just a minute.

I make no complaint of the fact that four-fifths of the time has been taken by the adversaries of the bill, but surely we who believe in the Finance Committee bill have a right to say why we believe in it, and I for one intend to continue to voice my feeling about each of these amendments that I consider important. I have a right to do that, although I know that I shall be defeated by the vote of the Senate.

Mr. GLASS. Mr. President, if it be true that four-fifths of the time has been taken up by the opponents of the bill, the reason why ought to disclose itself to anybody with any mind. This bill was considered in secret by the Republican members of the Finance Committee. Nobody on this side or on either side, outside of the committee, had any opportunity to present arguments against a single item contained in the bill.

Mr. REED. I beg the Senator's pardon.

Mr. GLASS. Therefore, when a bill is taken up in that way and presented to the Senate in that way, necessarily argument has to be made against its various items.

Mr. REED. The Senator is thinking about the Underwood bill, not this bill.

Mr. GLASS. No; I am thinking about this bill—the Smoot-Hawley bill.

Mr. REED. Let me, then, tell the Senator the situation. When the Finance Committee was having hearings on all these items, Democratic Members were appointed on each of the subcommittees. In all those hearings Democrats were present, and aided in the examination of the witnesses. In the case of the Underwood bill of 1913 the Republicans were not even permitted to be present at the hearings.

Mr. GLASS. That is the reason why it was such a good bill. [Laughter.]

Mr. REED. That is the reason why it was just such a good bill as it was; yes. I think we are agreed on that.

Mr. GLASS. I think we are—that it was a good bill.

Mr. REED. It would have been very different if the benefit of Republican advice had been had and taken. But, Mr. President, in the case of this bill we gave our Democratic colleagues two or three weeks to study our own recommendations before the committee met to act on the bill. In the case of the Under-

wood bill I am told that they forced it through without giving a copy of it to the Republican members of the Finance Committee.

Mr. GLASS. With the result that it was a good bill.

Mr. REED. I do not think the Senator can bring any profit to his party by contrasting the two procedures.

Mr. NORRIS. Mr. President, I have listened most of the day, so far, and a considerable time on other days, to debate as to why we do not pass this bill, why we should not pass this bill, why we shall not have any bill, what the President thinks about this bill, and what he thinks about some other bill. In talking about why we are going to do something or not going to do something we waste time that, if properly used, would enable us to pass this bill.

I hope we will get to work, and drive on, and take up the amendments as they come—we have to do that—and get through with as little debate as we can. Let us consider this bill as we have considered other bills in the Senate, as we necessarily must consider them unless we apply the gag rule, which nobody wants to do and which nobody has suggested, and which we could not do if we wanted to. When we get through we should have a bill, and very likely it will be a bill in which a majority of the Senate believe; and in that condition it will probably pass.

That is what we are here for; that is the theory of our legislation; and that is what the Senate ought to do. There is nothing wrong about that. As far as I am concerned, at the beginning of this debate I did not think I should vote for the passage of this bill. Perhaps I shall not. It depends on what shape it is in when we get to that point; but it looks to me now as though I shall vote for it. It seems to me it is getting better all the time, and that we are going to get a good bill out of it.

It does not follow, because we change the bill in the Senate very materially from what the Finance Committee reported it, that out of the conference there will not come a bill. That is one point on which I do not agree with the Senator from Pennsylvania. He is of the opinion that the bill is dead, and that we will not have any tariff legislation. Let us assume that the coalition passes a bill it wants, very materially modified from the bill as it was reported by the Finance Committee, with very many amendments to the House text, and it gets into conference, with disagreements on a great many things. That is always true of a tariff bill. That would be true if we did not permit the Democrats to vote either in the House or in the Senate. That would be true if they were handling the bill and we were not permitted to vote. That has always been true in regard to a tariff bill, necessarily true as to any bill that has thousands of items in it. That must be true where men in each House have given honest, fair, intelligent, conscientious consideration to the bill. That is no objection. We will have a lot of differences to adjust. We will have to surrender on some of our contentions, and they will have to surrender on some of theirs, and we will have a compromise, a bill which will probably pass each House, realizing that compromises must be made.

Nobody expects that we are going to have our way on everything. Everybody will admit that in all legislation, having to do with the tariff or anything else, unless it is something about which there is no disagreement, people must compromise; they must surrender some of their convictions as to what the legislation ought to be in order to get any legislation. As wise legislators, as statesmen, I presume our conferees and the conferees of the House will realize that.

There is only one way in which the bill could be killed, and I have heard it suggested a good many times; that is, that the House will refuse to agree to any of our amendments, and the House, generally speaking, is conceded to voice the wish of the President. On the other hand, we hear it said that the President is opposed to some of these terribly high rates. Some of his closest friends allege that, and say that the President is opposed to this bill as the Senate Finance Committee reported it. If that is true, there will not be much difficulty in having the House be reasonable about surrendering on rates it has adopted.

Moreover, Mr. President, the House passed this bill several months ago; it passed it under a gag rule, as it necessarily must. I am not speaking in any criticism. In a body with a large membership, a few must necessarily shape legislation of this kind. It can not be considered in a body as large as that and Members given the privilege of free debate and free right to offer amendments. Everybody realizes, the House itself realizes, it must realize, that there was no full, open discussion of the various provisions in the bill. Neither the rates nor the administrative features of this bill were fairly and thoroughly discussed and considered in the House.

The country has been discussing the bill since it passed the House. After the House passed it, it was thoroughly discussed in the press of the United States. All over the country it has been intelligently discussed and analyzed, and the country has a more definite idea to-day as to what the bill is than at the time it passed the House. The people of the country have been educated by the debates which have taken place here. So that I do not anticipate any more difficulty than we have under any other circumstances about the conferees failing to agree.

There is no reason to believe that we will not have a tariff bill. We will at least in due course and in the regular way, if we will stop talking about why we can not and why we can, reach a point where we will get a vote directly on whether the Senate will pass the bill or whether it will reject it.

We ought to go on and do our best. We ought to go on diligently and intelligently to debate the bill and discuss it, and in the end we will get the judgment of a majority of the Senate.

When the bill gets to the conferees, to whom it will be referred, and to the House, they will have the debate that has taken place in the Senate, and the benefit of the discussion that has gone on throughout the country since the bill passed the House.

I do not think there is anything discouraging ahead of us. We have not been exceptionally long, when we consider the job we had before us. Here we have a bill brought in by the majority of the Finance Committee. I do not think they handled the matter in the proper way. They excluded the minority members when they rewrote the bill. That lengthens the debate here, there is no doubt about it, and I say that in a fair and honest critical way. I intend it as a criticism. But it is a criticism which I concede applies to every tariff bill that has ever been passed. It applies to every political party that has ever passed a tariff bill, or that has ever been in control of the Congress when a tariff bill was passed. But that is no defense for the unscientific way in which tariff bills have been considered in the past.

Mr. President, I want to say that I have been delighted in this debate to hear from the Democratic side the condemnation of that method, which they followed when they were in power, just as we followed it when we were in power. There will never be a time when they can go back on the record they have made here about the consideration of tariff bills and of the amendments which we have already put into the bill, and I do not believe that from the Republican side there will ever come another tariff bill considered as this has been considered. I have heard the Republican leaders in public debate here on the floor of the Senate themselves condemn the method, and in a general way admit the error.

That is a wonderful thing to accomplish, when we have a practical admission from both political parties that future tariff bills will be considered in a different way from that in which this and all prior tariff bills have been considered.

A debate that will bring about such a thing is worth something, not to us alone, but it is worth something to future generations, and if this bill should be killed, or if it should be vetoed, or any provision we now have in the bill should go out of it in conference, even the admission that has been made here that future tariff bills ought to be considered scientifically, with everybody entitled to representation represented in the making of the bill, it will be worth something in future conferences, and it will save much debate on the floor of the Senate.

I am sorry for having taken up this much of the time of the Senate, but the idea of the tariff bill being dead to-day, and dying again to-morrow, and being revived again the next day, and talked about and talked about, is something we ought to forget, it seems to me.

Let us go on with the bill. Let us take these amendments up and get through with them just as rapidly as we can, and if we do not finish the consideration of the bill in the special session, let us finish it in the regular session. The bill will not be dead, and I think we should make up our minds that there is going to be no recess unless the bill should pass, and I do not anticipate it will be passed before the regular session begins. This is the best time of the year to work. Let us go on with it until we finish it, and we will finish it in due time, and we will make more rapid progress later, perhaps, than has been made up to the present time.

Mr. ALLEN. Mr. President, as a sort of a silent observer for a good many days I think I have discovered what the matter is.

I have been conscious of the coalition. I vote with it most of the time. To-day has been a typical day in our recent legislative life. We have been here just five hours. Four and a half hours of that time have been spent upon utterly bootless oratory.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. ALLEN. I yield.

Mr. SMOOT. I want the Senator to be precise. We have had the bill under consideration 55 minutes, instead of about 25 or 30, as the Senator suggested.

Mr. ALLEN. I retract my statement.

Mr. SMOOT. I want the Senator to be correct. I am going to keep track of this thing.

Mr. ALLEN. I am astonished that 55 minutes have been spent on the bill.

Mr. SMOOT. Fifty-five minutes.

Mr. ALLEN. The Senator from New York expressed a proper concern when he said that this statement from the President would be taken by the country as a criticism upon the Senate. Twice during this week I have heard Members of the Senate rise and plead for a statement from the President, and when it comes to the Senate we have this sort of a field day. The statement starts the pack off with a cry against the President.

Though I have no right to express an opinion as to what the President is thinking about, I dare say he is entirely familiar with the very splendid reaction in his favor every time the Senate gives a field day of the sort it has given to-day. In recent years the Senate has on more than one occasion distinguished itself fighting Presidents, and every time the Senate has thus distinguished itself the reputation of the President has gone up and the reputation of the Senate has gone down.

So far as I am personally concerned, I believe we could pass the pending bill containing the rates to which the coalition has already devoted itself. I will be voting that way most of the time. But we will never be able to pass this bill until the Members of this body learn to control their feelings.

I will be perfectly frank. I thought at first there was a design to delay legislation; but as I have witnessed this exhibition, I have realized it is not a design; it is just an utter incapacity to control your feelings when you arise to make a speech.

If we could devote our speeches to the discussion of the issues in this bill, we would make progress.

Mr. CARAWAY. Mr. President, will the Senator yield to me?

Mr. ALLEN. I yield to the Senator.

Mr. CARAWAY. Then I judge the Senator regrets that he is a Member of the Senate?

Mr. ALLEN. Oh, not at all.

Mr. CARAWAY. Does he want to be in a discredited body?

Mr. ALLEN. How is that?

Mr. CARAWAY. Does he want to be a Member of a discredited body?

Mr. ALLEN. Oh, no. I would like to stay here long enough—I think perchance we may improve this body, which is not perfect.

Mr. CARAWAY. It has been very greatly improved since the Senator came.

Mr. ALLEN. I can not understand the Senator. If he will not speak so fast, and if he will address me properly, having addressed the Vice President first, and then give me time to understand what he says, I will try to answer him.

Mr. CARAWAY. I do not expect to live that long. [Laughter.]

Mr. ALLEN. As I was going to say, Mr. President, if any new material were brought into these hours of debate that would aid us in digesting this tariff bill then I would be glad for every hour that is spent in the progress of the debate, but most of the material that comes in is material that has been handed out by the experts; it has been before both committees and Members; most of the Members who have heard it again come here with their minds made up as to how they are going to vote. They have the information with which to vote intelligently upon this bill, but they are chained to their seats hour after hour, hour after hour, because of the apparent necessity for the expression of all this oratory, much of which is entirely irrelevant.

Mr. HARRISON. Mr. President, I dislike to delay the Senate, but the Senator from Kansas provokes me into participating in this discussion.

This is an unusual occasion. We did not invite this particular statement. Some of us have believed that the President, since he called the Congress into extraordinary session to revise the tariff and pass farm legislation, ought to take into his confidence his party leaders, and make some statement as to what his views are.

For that reason we have deemed it necessary to say something on several occasions. But in this statement the President says nothing except to shame certain Republican leaders who went up to see him, uninvited, and he tells the country how ignorant he is with reference to the tariff question.

Mr. CARAWAY. Everybody knew that.

Mr. HARRISON. That is about all that the statement says. Let us analyze it for a moment since the Senator from Kansas [Mr. ALLEN] and some other Senators say that it will be heralded to the country that the President has whipped the Senate again and that the Senate has once more been discredited. Let me say to the Senate that if the Republican leadership has been discredited, we are not to be blamed for it. The Senator from Pennsylvania [Mr. REED] acknowledges his leadership in this body. He said that the Republican leadership can not get together on the bill. I admit his leadership. He is an able and distinguished Member of this body. He has fine foresight. He knows what he is about and he can generally do what he undertakes to do. He admits that the bill is dead. He admits that Republican leadership can not revive it. Then he hurls, not abuse, not praise, but criticism at those of us who are working together here in trying to effect a revision of some of the rates. The Senator from Virginia [Mr. SWANSON] and the Senator from Montana [Mr. WALSH] stated a while ago that there is no coalition so far as getting together in agreement upon the rates is concerned, and there has not been.

I am a member of the Finance Committee. There has never been any understanding between Senators on the other side of the aisle and those of us on this side of the aisle with reference to any particular rate. We have fought for what we thought was right. We have offered amendments to reduce rates when we believed that the rates proposed were too high. We have voted for some increases over the present duties. The fact that certain Senators on the other side of the aisle agree with us with reference to some matters or that we agree with them is only a coincidence. All praise should be given to them for having the courage to defy present Republican leadership here and, if necessary, defy their own President in order to vote their conscientious convictions. Unless I am mistaken in the signs of the times, the American people will shower praise upon them where they will denounce, as they are now doing, the action of other Republicans in fostering this bill and trying to force through this body so many indefensible increased rates.

So we are not going to try to further a proposal framed through the worst method that was ever concocted by any set of legislators in all the history of the country. Incidents have been revealed and facts exposed in connection with the writing of these tariff rates that have not only discredited Senators individually, but have reflected upon this body. It will prove disastrous in the future to those Senators on the other side of the Chamber who have stood and will stand with those who framed this bill.

Of course the Senator from Pennsylvania [Mr. REED] can do that because, to defend his course, he will have a great champion in Mr. Grundy, of his State, and of course the Senator from Connecticut [Mr. BINGHAM] will have an ardent champion to defend his course in the person of Mr. Eyanson, of Connecticut. But the rank and file of Senators who have been standing with the Republican leadership which drafted the bill are going to find themselves left in the lurch when they go before their own people.

The President in this statement has used this significant language:

> The President has declined to interfere or to express any opinion on the details of rates or any compromise thereof, as it is obvious that, if for no other reason, he could not pretend to have the necessary information in respect to many thousands of different commodities which such determination requires.

He admits that he knows nothing about it, and yet he concludes the statement by telling the Senate that we ought to pass the bill in the next 10 days. That is about the only thing to which he does commit himself, except that he says that the situation is "very grave." Gentlemen on the other side of the aisle who saw fit in the interest of their party to visit the President yesterday and try to exchange views with him with reference to the situation for the purpose of "getting together" should feel a little bit chagrined, if not humiliated. In this public statement the President said that you were uninvited guests, that you came there voluntarily, not at his suggestion. He wants to keep away from you as poisonous things, you who have handled the bill, you who have framed it. He is afraid to touch you!

Yes; the President is brave enough in this statement to say: "The President said he has uniformly stated his position that campaign promises should be carried out, by which adequate protection should be given to agriculture and to the industries where the changes in economic situations demand that assistance." That is what the coalition is trying to do. The debenture should meet that pledge. The rates we will advocate and hope to adopt will help him to redeem that campaign prom-

ise. We are trying to prevent those who framed the bill, who have deprived agriculture of just and fair treatment, from piling higher the benefits to the industries of the country, and thereby adding greater burdens to the American consumer and producer. We have shown by reason and logic and facts the indefensible position that supporters of the bill are in by reason of their attempts to raise the rates in the earthenware, metal, and other schedules to such an extent that the country is amazed, and I am surprised that the Senators referred to have not sensed it and been convinced, because the press from one end of the country to the other, and the people likewise, know now that the bill in the form in which it was reported out of the committee was obnoxious.

No; the President can not expect too much. I am sorry that he did not see fit some three or four months ago to ask the Senate to pass the bill within two months or six weeks and then give his views to the Republican leadership, so that something might have been done. But at this late hour, when all this confusion is upon us, he tells us that uninvited guests came to the White House and presented this reason and that reason for the delay and failure of the bill to pass, and says that he told them they should go back and pass the bill within the next 10 days.

So far as delay is concerned, there has been some delay to-day, but the statement of the President is responsible for some of the delay. Have we not a right to express ourselves with reference to his statement? Is not the country interested in knowing the other side of the question? Of course; and that is the reason for the little delay to-day. The Senator from Utah [Mr. SMOOT] knows that the minority members of the committee have not unnecessarily delayed consideration of the bill or of a single item in it. We have assured him and we now reassure him that we are going to help expedite consideration of the rates and at least get to a final vote as soon as possible upon the bill.

Mr. SMOOT. Mr. President, I sincerely hope now that we may give 10 or 15 minutes of our time to consideration of the bill. I ask that the next amendment be stated.

The VICE PRESIDENT. The next amendment passed over will be stated.

The LEGISLATIVE CLERK. In paragraph 20, page 7, line 16, the committee proposes to strike out "three-fourths of," in the paragraph relating to chalk or whiting or Paris white, so as to read "ground in oil (putty), 1 cent per pound."

Mr. KING. Mr. President, it is obvious that the consideration of this amendment at this time will not be decisive of the question involved. The committee have amended the bill by increasing the duty on chalk or whiting or Paris white ground in oil—putty—from three-fourths of 1 cent per pound to 1 cent per pound. There is absolutely no excuse whatever for increasing the duty upon putty unless it is based upon the theory that we are to increase the duty on chalk or whiting or Paris white, and also on linseed oil. We have not yet dealt with the oil question. That will come up later, as I am advised. We have not dealt with flaxseed, because that is the basis of any duty upon linseed oil, or rather the duty upon linseed oil depends upon the disposition that is made of the duty on flaxseed. I ask my colleague now whether there is any wisdom in our taking up this item in view of the fact that the question of flaxseed is undisposed of and will not be reached for a considerable time.

Mr. SMOOT. Of course, I want the Senate to agree or disagree to the amendment. If there is any change made in the rate on flaxseed or in the rate on linseed oil as provided by proclamation of the President, then we will return to this item and provide a compensatory duty at just what it ought to be. But I do believe the amendment ought to be acted on at this time, and that we should clean up all of the amendments to each schedule, schedule by schedule, as we proceed with the bill.

Mr. KING. It seems to me we are putting the cart before the horse in so doing. Moreover, any action taken now with regard to this particular item depends finally upon the disposition which shall be made of chalk or whiting. We can not offer an amendment to that provision at the present time, although the House and the Senate Finance Committee majority members have increased the rate from 25 per cent ad valorem to 175 per cent. That is the effect of the increase on chalk or whiting or Paris white.

Mr. EDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Jersey?

Mr. KING. I yield.

Mr. EDGE. It seems that the debate must necessarily be a matter of policy, as the Senator has indicated. The House has already raised the duty on whiting. Under our unanimous-consent agreement we can not even discuss that question at this time. As I understand, the program is to go on through the various schedules, so it is indefinite when we will reach it. So long as it remains in the bill as the rate on whiting there can not be a question of doubt that putty is entitled to three-fourths of 1 cent compensatory duty. My memorandum shows that the compensatory duty allowed in the three-fourths of 1 cent per pound for putty is less from the conversion standpoint than the compensatory duty allowed now in the existing duty on whiting. In other words, we are not providing for as much conversion as we do under the present law.

Mr. KING. Let me ask my friend from New Jersey, who is disposed to be a very fair man and a good legislator, if he does not think that it is unfair to increase the duty on putty, an article or commodity so indispensable now in building, when building operations are so expensive? Why not disagree to the proposed amendment on putty, and when we reach whiting that will be an additional reason for us to reject the action of the House and the action of the Finance Committee in increasing the tariff duty on whiting? But if we now accept the increased duty on putty, then when we come to offer an amendment to whiting it will be said, "But you have increased the duty on putty upon the theory that there would be an increase on whiting, and therefore we should adhere to the duty on whiting."

Mr. EDGE. Mr. President, it seems to me there is a distinction without a difference in the Senator's argument. We could do it in either way, but the fact remains that the bill before us has raised the duty on whiting. It is impossible for us to change it at this time. Therefore, if we are going to perfect the bill as we go along, it seems to me that the only businesslike method to pursue is to accept the compensatory duty that has been figured out, as I have already said, on a basis of less than the conversion cost. If, later, an amendment should be offered, as no doubt it will be offered, to reduce the rate on whiting as provided by the House, and that amendment should prevail, there could not be any contention against reducing the duty on putty in proportion.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. BLAINE in the chair). Does the Senator from Utah yield to the Senator from Kentucky?

Mr. KING. I yield.

Mr. BARKLEY. If we should pass this bill within the next two weeks, we might not even read the item as to putty; we might not even get a vote on it; so that we might as well take care of the situation while we are facing it.

Mr. SMOOT and Mr. COPELAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to my colleague, but I do not yield the floor.

Mr. SMOOT. Under the duty on putty, let us see just what the compensatory duty should be. It takes 85 pounds of whiting to make a hundred pounds of putty; at 0.4 of a cent the duty on whiting would represent 34 cents. Also in a hundred pounds of putty there are 15 pounds of linseed oil, the duty on which at 3.7 cents would make 55.5 cents. So the total would be 89.5 cents a hundred pounds. What we have given here is 1 cent a pound. The actual differential is 8.95 of a cent. That is why the rate was increased from the House rate of three-fourths of a cent a pound.

If the rate on linseed oil shall be increased from the rate now provided in the bill or if the flaxseed duty shall be increased—and both bear a duty at present under presidential proclamation, and we have put in the bill the rate prescribed under the presidential proclamation—then, of course, we will have to return to the putty item and change the rate; but I do not think there is going to be any increase on the other items I have named.

Mr. HARRISON. Mr. President, will the Senator yield for a suggestion?

Mr. SMOOT. Yes.

Mr. HARRISON. If that is true, then why not pass over this particular item? We would save that much debate, and then we can come back to it after the Senate has taken action in regard to the duty on flaxseed and the duty on linseed oil.

Mr. SMOOT. We would never get through the bill in that way, it seems to me.

Mr. HARRISON. If the method I have suggested were pursued, we would not have to take two or three whacks at it.

Mr. SMOOT. We may not take any. I do not think there will be any increase in the duty on linseed oil and on flaxseed, because both of them at present bear duties under proclamation of the President of the United States.

Mr. KING. Mr. President, I do not agree with my colleague in the suggestion which he has made. First, we have chalk or whiting, and the proposition is—of course, we can not attempt it now under the rule—to raise the rate from 25 per cent to 175.76 per cent, and when the rate on that item is raised from 25 per cent ad valorem to 175.76 per cent ad valorem, then obviously, because it is one of the principal component parts of putty, there would have to be a compensatory duty on putty. A proposition is made to increase the rate from 37.37 per cent to 49.82 per cent ad valorem, and the reason urged for increasing the rate on putty from 37 plus to 49 plus is that we are increasing the rate or duty on chalk or whiting from 25 per cent to 175 per cent, and there has been a presidential proclamation with respect to linseed oil and with respect to flaxseed. When we reach those items, it is asserted we will raise the duties on each of those items up to the standard set by the presidential proclamation, and, therefore, it must follow that we should raise the duty on putty.

Mr. SMOOT. The proclamation rates are in the bill now, I will say to my colleague.

Mr. KING. I know, but we have not reached them as yet.

Mr. SMOOT. No; but I do not think there is going to be any change in the rates as fixed by the presidential proclamation.

Mr. KING. I think there will be; there may be, at any rate.

Mr. SMOOT. If there should be, the proper rate as to putty could be figured out in two minutes.

Mr. KING. There has been no presidential proclamation with respect to the rate on whiting; but if we adopt the proposed rate on putty there will be a strong argument to adopt the 175 per cent rate on whiting.

Mr. SMOOT. A report on whiting has been sent by the Tariff Commission to the President.

Mr. President, I will do anything in the world in order to hasten the consideration and passage of the bill; I will follow any course the Senate may desire.

Mr. KING. I suggest, then, that we disagree to the committee amendment.

Mr. SMOOT. I can not consent to that. I am perfectly willing that we should pass it over, and pass over any other amendment, but let us get to something upon which we can act.

Mr. KING. That is exactly what I have been trying to do. I ask that the amendment go over.

Mr. SMOOT. Let the amendment go over. I want some kind of action on something.

Mr. BARKLEY. Mr. President, if the Senator will yield——

Mr. SMOOT. It has been requested that the amendment go over, and I hope that we may take up the next amendment.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

Mr. BARKLEY. I object until I can get this sentence out of my mouth. We might as well vote on this amendment now inasmuch as debate has been exhausted. If we should pass it over, and come back to it, it will probably require as much more debate before we shall vote on it as it has required in this instance. If we shall change the rate on linseed oil, the same debate would be brought on again.

The PRESIDING OFFICER. Without objection, the amendment will be passed over. The next amendment passed over will be stated.

The LEGISLATIVE CLERK. The next amendment passed over is on page 14, in line 8, after the word "derivatives," to insert "vanillin, from whatever source obtained, derived, or manufactured."

Mr. SMOOT. Mr. President, I should like to ask now if we can not take up the question of American valuation, and decide that, which will obviate debate on a number of other items which are held up on that account?

Mr. GEORGE. Mr. President, does the Senator ask unanimous request that American valuation be taken up now?

Mr. SMOOT. I have asked that it be taken up two or three times previously, and I have done so now; but I presume there will be objection, and so I will not insist on it.

Mr. GEORGE. I have no disposition to object, but the Senator from Wisconsin [Mr. LA FOLLETTE] asked that it go over until he could return.

Mr. SMOOT. Very well, let it go over.

Mr. McKELLAR. Let the Secretary report the next amendment.

Mr. SMOOT. The next amendment is on page 14.

The PRESIDING OFFICER. The next amendment is, on page 14, line 8, to insert "vanillin." It has already been stated.

Mr. KING. Mr. President, that amendment involves the question of American valuation, but if the Senator insists upon taking up the item of vanillin I shall not resist it, although the Senator from Wisconsin is very anxious to discuss the amendment.

Mr. BARKLEY. Does this amendment depend upon whether we shall retain or reject American valuation?

Mr. SMOOT. Not at all; but let it go over.

Mr. KING. It does depend on that, Mr. President. The proposition is to transfer vanillin from the foreign valuation to American valuation; that is the principle involved in the amendment. Of course, if we can defeat this amendment, as we ought to do, then, I presume, it would leave the item under foreign valuation.

Mr. SMOOT. I wish to suggest to the Senator that under the ruling of the Treasury Department vanillin has been under American valuation for years; and we are putting it now under American valuation in the bill in conformity with the ruling of the department. That is all there is to it.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Wisconsin?

Mr. SMOOT. Yes.

Mr. BLAINE. My colleague [Mr. LA FOLLETTE] is interested in the question of American valuation as applied to vanillin.

Mr. SMOOT. We are not now taking up American valuation.

Mr. BLAINE. It is not proposed to take it up at this time?

Mr. SMOOT. No.

Mr. BLAINE. I wish to suggest that my colleague is necessarily absent, but will be in the Senate Chamber on Monday morning.

Mr. SMOOT. I have already agreed that American valuation shall go over.

Mr. BLAINE. I thank the Senator.

The VICE PRESIDENT. Without objection, the amendment will go over.

Mr. SMOOT. Is there objection to the pending amendment, Mr. President?

Mr. KING. May I inquire which amendment that is?

Mr. SMOOT. The amendment relative to vanillin.

Mr. KING. I thought that was the one the Senator asked to go over?

Mr. SMOOT. No. I merely said that the item is proposed to be put under American valuation, as at the present time under a Treasury decision it is under American valuation. We are in this instance merely adhering to that position.

Mr. KING. The Senator knows that in the act of 1922 there was no purpose to have vanillin placed under American valuation.

Mr. SMOOT. But under the ruling of the Treasury Department it has been placed under American valuation. However, if the Senator objects, let it go over.

Mr. KING. I object.

Mr. SMOOT. Over it goes.

The VICE PRESIDENT. The amendment will be passed over. Will the chairman of the committee indicate the next amendment he desires to have considered?

Mr. SMOOT. The next amendment is on page 14, line 17, relating to synthetic indigo and sulphur black.

Mr. KING. Mr. President, I regret to appeal to the Senator again, but those are amendments which the Senator from Wisconsin [Mr. LA FOLLETTE] desired to discuss when they were being considered. They can be discussed at the same time that we take up the American valuation, and we can have the questions determined in one debate instead of a double debate.

Mr. SMOOT. This is quite a different thing from that. There are rates involved, and the rate proposed by the Senate committee is a reduction from the rate in the present law. However, of course, it had better go over.

The VICE PRESIDENT. The amendment will be passed over.

Mr. SMOOT. We are certainly hastening action on the bill very rapidly.

Mr. President, the next amendment passed over is on page 23, lines 17, 18, and 19, proposing to strike out—

PAR. 52. Menthol, 75 cents per pound; natural crude camphor and synthetic camphor, 1 cent per pound; natural refined camphor, 6 cents per pound.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. HARRISON. This is an amendment in which I understand the Senator from Wisconsin [Mr. LA FOLLETTE] is interested?

Mr. EDGE. Mr. President, the Senate may recall that this paragraph was before the Senate a few days ago, and at the

time I suggested that I would secure additional information as to the establishment of a plant in New Jersey for the production of synthetic camphor.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Mississippi?

Mr. EDGE. I yield.

Mr. HARRISON. Is this the amendment in which the Senator from Wisconsin [Mr. LA FOLLETTE] is interested?

Mr. EDGE. I was just about to remark that the Senator from Wisconsin evinced considerable interest in the amendment at the time. I am prepared to present the situation, but because of his absence I think it should go over.

The VICE PRESIDENT. The amendment will be passed over. Will the Senator from Utah state the next amendment he desires considered?

Mr. SMOOT. I will in a moment.

Mr. President, I should like to ask the Senator from Idaho [Mr. THOMAS] if he is willing to take up the oils paragraph now?

Mr. THOMAS of Idaho. I think we can take it up.

Mr. SMOOT. That is all that is left, with the exception of the items that we have been asked to pass over this afternoon.

Mr. JONES. Mr. President, I think I shall have to ask that the policy we have followed heretofore be followed in this case and that the committee amendments be disposed of first.

Mr. McKELLAR. Then we shall have to go to the next schedule.

Mr. SMOOT. They are the only ones that are passed over. Then we will take up the oils schedule.

Mr. JONES. I desire to say that I took that position because that is what I have understood all the time. I understood it even an hour ago.

Mr. SMOOT. On page 26 is the amendment dealing with vanillin. That, I suppose, will go over with the other amendments.

Mr. McKELLAR. That will go over with the others?

Mr. SMOOT. Yes.

Mr. KING. Mr. President, may I inquire of my colleague what disposition was made of the amendment on line 12, page 24?

Mr. SMOOT. That was agreed to. That was a presidential proclamation.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I yield to the Senator.

Mr. COPELAND. The Senator will recall that he was to get certain information about glue. Has that come to him as yet? That is on page 22, paragraph 42.

Mr. SMOOT. As I remember, that was the technical information as to gelatin.

Mr. COPELAND. Yes; and the definition.

Mr. SMOOT. No; I have not received it yet.

Mr. COPELAND. Then we will take that up at a later time.

Mr. SMOOT. That is only a question of wording.

Mr. HARRISON. Mr. President, why do we not proceed with the earthenware schedule?

Mr. SMOOT. I am going at this time to ask unanimous consent to take up the oils paragraphs and have individual amendments offered to them. That is all we have at this particular time.

Mr. HARRISON. This is on the oils paragraphs?

Mr. SMOOT. On the oils paragraphs.

Mr. COUZENS. What is the proposition?

The VICE PRESIDENT. Will the Senator state his request?

Mr. SMOOT. I ask unanimous consent that the Senate consider the oils paragraphs, and allow individual amendments to be offered to them.

Mr. COUZENS. Is not that in violation of the agreement?

Mr. SMOOT. I ask unanimous consent that that be done.

Mr. COUZENS. Mr. President, if that is to be done in one case, why not in all cases? The Senator from Utah is in favor of cleaning up each schedule at a time. That has not been agreed to by some other Senators.

Mr. SMOOT. And I can not get an agreement.

Mr. COUZENS. And we can not get an agreement to clean up one schedule at a time; and, yet, when somebody comes along and wants to put over one particular proposal in a schedule it seems to be in order to have the present agreement violated.

Mr. McKELLAR. We ought not to stop simply because we have finished all that we can in one schedule. It seems to me, as a matter of fact, that we ought to go on with the next schedule.

Mr. SMOOT. We have not finished all the amendments in that schedule.

Mr. McKELLAR. I know; but there are some that have been passed over because of the absence of Senators, and, where that has been done, surely we ought to take up the next schedule.

Mr. SMOOT. Is there any objection to taking up the oils schedule now?

Mr. COUZENS. The Senator from Washington [Mr. JONES] has objected to taking up the oils schedule now. He objected a while ago, and insisted upon proceeding under our unanimous-consent agreement.

Mr. SMOOT. Then, let us proceed with Schedule 2, Earths, Earthenware, and Glassware, beginning on page 35.

The VICE PRESIDENT. The clerk will state the first amendment in Schedule 2.

Mr. SMOOT. Mr. President, a number of Senators have asked me to see that a quorum was called when this schedule was taken up. Therefore, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Gillett	Keyes	Simmons
Ashurst	Glass	King	Smith
Barkley	Glenn	McKellar	Smoot
Bingham	Goff	McNary	Steck
Black	Goldsborough	Norbeck	Steiwer
Blaine	Gould	Norris	Swanson
Blease	Greene	Nye	Thomas, Idaho
Borah	Hale	Oddie	Thomas, Okla.
Brock	Harris	Overman	Townsend
Brookhart	Harrison	Patterson	Tydings
Broussard	Hastings	Phipps	Vandenberg
Caraway	Hawes	Pine	Wagner
Copeland	Hayden	Pittman	Walcott
Couzens	Hebert	Ransdell	Walsh, Mass.
Cutting	Heflin	Reed	Walsh, Mont.
Edge	Howell	Robinson, Ind.	Warren
Fletcher	Johnson	Schall	Waterman
Frazier	Jones	Sheppard	Wheeler
George	Kendrick	Shortridge	

The VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present.

Mr. EDGE. Mr. President, I understand that before the quorum call it had been announced that the Senate would now proceed to Schedule No. 2. May I ask whether that is correct?

The VICE PRESIDENT. That is correct.

Mr. EDGE. I simply desire to announce that I assumed, with all the passed-over committee amendments in Schedule No. 1, that there would not be any possible chance of reaching Schedule No. 2 until next week. While my presence is not at all essential, I happened to serve as chairman of the subcommittee dealing with that schedule. The Senator from Utah [Mr. SMOOT] served on the subcommittee as well; but I simply desire to announce, so that it will be understood, that, on account of engagements I have made, I must leave the city at 1 o'clock to-morrow, and will not be here again until Monday morning. I make that statement so that my absence will be understood.

The VICE PRESIDENT. The Secretary will state the first committee amendment.

The first amendment of the Committee on Finance to this schedule was, under the heading "Schedule 2—Earths, Earthenware, and Glassware," on page 35, line 19, after the word "tiles," to insert "and except tiles provided for in subparagraph (b), (c), or (e), so as to make the paragraph read:

PAR. 202. (a) Tiles, unglazed, glazed, ornamented, hand painted, enameled, vitrified, semivitrified, decorated, encaustic, ceramic mosaic, flint, spar, embossed, gold decorated, grooved or corrugated, and all other earthen tiles and tiling by whatever name known (except pill tiles, and except tiles provided for in subparagraph (b), (c), or (e), but including tiles wholly or in part of cement), all the foregoing valued at not more than 40 cents per square foot, 10 cents per square foot, but not less than 50 nor more than 70 per cent ad valorem; valued at more than 40 cents per square foot, 60 per cent ad valorem.

Mr. KING. Mr. President, I should like to ask my colleague the implications of this amendment. I confess that I am unable to determine just what the effect of the amendment is—"except pill tiles, and except tiles provided for in subparagraphs (b), (c), or (e)." What change will that make in the pending law?

Mr. SMOOT. If the amendment on the next page is agreed to—

Glazed earthen tile commercially or commonly known as strips: One color, not exceeding 1 inch in width, 1¼ cents each—

And so forth. If that amendment is agreed to, this amendment will be necessary to carry it out. Let us just pass over this amendment for the present, if the Senator wishes.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

The clerk will state the next amendment.

The next amendment of the Committee on Finance was, at the top of page 36, to insert:

(b) Glazed earthen tile commercially or commonly known as strips: One color, not exceeding 1 inch in width, 1¼ cents each; stenciled, regardless of color, not exceeding 1 inch in width, 1½ cents each; all the foregoing, if embossed, or decorated except by stenciling, and all other strips, 60 per cent ad valorem.

(c) Glazed earthen tile commercially or commonly known as trimmers or trim, one-fourth of 1 cent per square inch, but not less than 60 per cent ad valorem.

And on page 36, after line 13, to insert:

(e) So-called quarries or quarry tiles measuring seven-eighths of an inch or over in thickness, 30 per cent ad valorem.

Mr. McKELLAR. Mr. President, will the Senator from Utah explain the differences between the House provision and the committee amendments? They are confusing to me.

Mr. SMOOT. I call attention to subdivision (b) on page 36:

Glazed earthen tile commercially or commonly known as strips: One color, not exceeding 1 inch in width, 1¼ cents each; stenciled, regardless of color, not exceeding 1 inch in width, 1½ cents each; all the foregoing, if embossed, or decorated except by stenciling, and all other strips, 60 per cent ad valorem.

Glazed earthen tile commercially or commonly known as trimmers or trim, one-fourth of 1 per cent per square inch, but not less than 60 per cent ad valorem.

The Senate Finance Committee proposes to make no change in the House bill with respect to other types of earthen tiles.

Mr. NORRIS. Mr. President, this amendment seems to fit into an entirely new subsection, and I would like to know what effect it would have on these particular articles. Are they on the free list?

Mr. SMOOT. No.

Mr. NORRIS. Where are they provided for in the bill?

Mr. SMOOT. They are provided for in the general provision in paragraph 202.

Mr. NORRIS. I should think, then, as a parliamentary proposition it would be necessary to strike out something in section 202 and insert this language.

Mr. SMOOT. No. In paragraph 202, on page 35, we have added:

And except tiles provided for in subparagraph (b), (c), or (e).

Those are found on the other page, and if we reject that amendment, then, of course, we will have to strike out the amendment in the first part of the provision.

Mr. NORRIS. That is the reason why the amendment went over?

Mr. SMOOT. It is the reason why I asked that it go over.

By omitting the specific provision for quarry tiles, the rate of duty for most imports of such tiles would be increased from 30 per cent to 70 per cent ad valorem, an increase of 133 per cent above the rate in the present law. A comparison of the wholesale selling prices of comparable domestic and imported quarry tile at New York City indicates that the price of the foreign tile in most instances is slightly higher than the price of the domestic at that point. The domestic industry is fairly prosperous, and there appears to be no reason for giving it additional tariff protection.

The domestic wall-tile industry has apparently been unable to compete in price with the types of glazed wall tile known as strips and trims. Imports of such articles have been increasing in the past few years, and the industry is finding it increasingly difficult to sell strips and trims in large seaboard markets. Contractors in New York in many instances purchase the domestic flat tile but use foreign strips and trims because of their lower value.

The strips and trims, I suppose Senators know, are the tops of the tiles, different forms. They form just a small part of the tile business, but they are exceedingly difficult to make. They are constantly changing in style. That is the class of tile being imported.

Mr. McKELLAR. Am I to understand from the Senator, then, that on the peculiar kinds of tiles mentioned in subdivision (b), subdivision (c), and subdivision (e) the rate is reduced from the House rate?

Mr. SMOOT. Does the Senator mean subdivisions (b) and (c)?

Mr. McKELLAR. Subdivisions (b), (c), and (e); that is, those included in the Senate committee amendment. Does the committee amendment bring about a reduction of rates as to these three kinds of tiles?

Mr. EDGE. Mr. President, if the Senator will yield, I think I can help on this particular schedule.

Mr. SMOOT. I yield.

Mr. EDGE. In subdivision (b) and subdivision (c) there is a raise from the House rate. In subdivision (e) there is a reduction of the House rate.

Mr. McKELLAR. To what exent is there a raise in the first two, and to what extent is there a reduction in the third?

Mr. EDGE. As the chairman of the committee has already indicated, these three were taken out of the general paragraph because of the peculiar situation surrounding them. The importations have rapidly increased and they were given a somewhat higher rate of duty. Conversely, as the Senator from Utah has already read, it was considered that the importation of quarry tiles did not justify the House rate, so that in subdivision (e) the rate was cut from 70 per cent ad valorem to 30 per cent; in other words, about a 57 per cent reduction.

In subdivisions (b) and (c), strips less than 1 inch in width, the rate has been increased from 50 to 60 per cent, and on another type from 60 to 88 per cent. I think that is correct.

Mr. SMOOT. Those are the figures. They are special tiles, strips, and little items for the corners.

Mr. McKELLAR. Trim.

Mr. SMOOT. Yes; trim.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. BLACK. The Senator stated that the imports were increasing. What is the percentage of imports? I did not hear that figure mentioned.

Mr. SMOOT. The imports beginning in 1923 were, in square feet, 3,658,650, and in 1926 they had increased to 6,077,561 square feet.

Mr. BLACK. What percentage of the total consumption is that?

Mr. SMOOT. That takes in all of the kind and character that subdivision (b) covers.

Mr. BLACK. The question I meant to ask was this: What percentage of the domestic consumption is imported?

Mr. SMOOT. The quantity of production runs from 18,018,619 square feet up to 46,000,000. The increase has been over 50 per cent.

Mr. McKELLAR. Mr. President, do the facts brought out in the hearings show that the factories engaged in this business are in a bad condition, that they are not making good returns on their money? Even if some tile is brought into the country, if our own tile concerns are making money and doing well, why increase the rate?

Mr. SMOOT. The classes of tile now under consideration have always fallen under the rate provided for general tiles. They are very much more difficult to make, as the Senator must know, and we increased the rate upon those tiles in order to maintain the industry in the United States, and decreased the rate upon the quarry tile, which forms, of course, the great bulk.

Mr. McKELLAR. The Senator remembers that the President said this tariff bill should be confined to those industries not making money or not in good financial condition, which were suffering.

Mr. SMOOT. I am quite sure, as far as those strips are concerned, that can be shown. It can not be shown, perhaps, in the general financial statements of the companies, because their losses in this business, if any, are taken out of their gains in the general business. The committee thought this was a very deserving amendment to maintain this class of industry in the United States.

Mr. EDGE. Mr. President, if the Senator will yield just a moment, I will read a line or two from a letter addressed to the Hon. JAMES E. WATSON from the National Tile Co., of Anderson, Ind., as follows:

MY DEAR SENATOR: The tile industry of Indiana needs your support and active help in obtaining a sufficient degree of protection against foreign tile importations, and I am taking the liberty of sending herewith certain information touching upon the high points of the situation.

This is two pages of a brief which goes into detail, and it has particular reference to the necessity for a separate rate for trimmers and strips. I would be very glad to read it if the Senator

would like to hear it. It is information from manufacturers. They say:

As our industry pointed out to the Ways and Means Committee the regular rates applying to tiles can not be made to cover so-called trimmers and strips, which are really handmade pieces that are largely hand pressed, hand glazed, and hand decorated and require a much greater number of handlings by skilled and unskilled labor during the process of production than other kinds of tiles. Consequently the domestic manufacturers with wage scales four to five times higher than those of the foreign manufacturer is at a considerable disadvantage unless a separate and specific duty on these articles is stipulated in the paragraph. In 1922 our industry did not have to contend with this competition and the paragraph consequently made no provision for it, but in the last few years the importers have taken advantage of this deficiency in the 1922 bill and have brought in great quantities of these articles on the square-foot rate of duty, which has made it absolutely impossible for the domestic manufacturer to sell the same articles in competition with the foreign-made articles.

I am sure the Senator understands that these strips are the little corner pieces, generally curved, which go in tile work, bathrooms, and other such work. Coming in under the square foot rate of duty, one can readily imagine why there would be a distinction in the case of those small pieces. So the committee, having that evidence, recommended this subdivision to cover this particular type of tile.

As I have already indicated, so far as the quarry tile is concerned, our investigations demonstrated just the opposite, and we have recommended a reduction of over 50 per cent in the ad valorem duty on quarry tile.

Mr. KING. Mr. President, as I understand the increase which the Senator seeks upon the particular items which he has described, it is from 60 to 117 per cent. It is an increase up to 117 per cent.

Mr. EDGE. There is an increase on the tile designated as "one color" from 50 to 60 and from 60 to 88, as I think I stated a few moments ago. That is stencils. Then there are strips of one color that go in one variety from 50 to 60 per cent, and in another variety from 175 to 114 per cent.

Mr. KING. My information, obtained from the Tariff Commission, is that the Senate Finance Committee made a separate provision for glazed earthen tile, known as strips and trims, and the increases are shown to range from 60 to 117 per cent.

Mr. EDGE. The figures I have from the Tariff Commission as to stencils are just as I read them, from 60 to 88 per cent.

Mr. KING. Does the Senator question the figures I have just read?

Mr. EDGE. I do not question any figures. I simply repeat the figures given to me. I am incapable of figuring up that kind of a particular computation.

Mr. SMOOT. I think the Senator is right, from 60 to 117 as to subdivision (c).

Mr. KING. That is on trim tiles, as they are called.

Mr. SMOOT. The Senator can see that, making computations on the basis of square feet, it would be almost impossible to protect the production of those little pieces, little corners. It was impossible to protect it under the existing law.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. McKELLAR. Those of us who have to buy tile occasionally know how tremendous the cost is. Does the Senator think that because the tile company is not making an enormous profit out of each kind of tile produced, but is making a very large profit on production in general, the Congress ought to legislate so the tile manufacturers can make an enormous profit on each and every kind of tile they make?

In all businesses there are some parts more expensive than others and some parts on which greater profits are made than on others. Does not the Senator think we ought to legislate more carefully than is here proposed?

Mr. SMOOT. There was no evidence to show there was an immense profit made by these companies. I think that wherever there is an industry in the United States which needs protection it ought to have it. In other words, I do not think they ought to have a duty on one part of their business that would give them an exorbitant profit and then let the other parts be produced at less than cost or at a loss.

Mr. McKELLAR. I want to call the Senator's attention to the brief read by the Senator from New Jersey a moment ago from the manufacturers themselves. They do not claim that their business as a whole is not remunerative, but they claim that on certain articles which they produce, certain parts of the tiling that they produce, they do not make as great a profit as on other parts, and therefore they ought to be put in a position so they can make a profit on all.

Mr. SMOOT. Taking the items on which they make money, we have reduced the rates from 70 to 30 per cent. That is on the tiles themselves.

Mr. McKELLAR. I commend the Senator for making that reduction, because my investigation of the returns which have been furnished us would not show that the tile business is a business in which there is any distress whatsoever. We all know from practical experience, and I expect every Senator here has had the same experience, that the cost of tile is very great. It is a very great tax on the American people to require them to pay these additional costs.

Mr. SMOOT. We have reduced the duty from 70 to 30 per cent on the great bulk, or in fact all of the tile outside of the little strips.

Mr. KING. Mr. President, I think that if there is any inexcusable increase in any rate to be found in the bill, it will be found in the earthenware schedule. The domestic production of tiles has increased since 1922, when it was 40,415,096 square feet, until in 1927 it was 90,612,072 square feet. The Tariff Commission has not furnished me the report for 1928, but I understand there has been an increase over previous years.

The imports in 1923 were 3,000,000 square feet, and the domestic production 62,000,000. In 1925 the domestic production was 67,000,000 and the imports 2,000,000 square feet. In 1926 the domestic production was 74,000,000 and the imports 2,516,000 square feet. The imports for 1928 were 5,230,000 square feet and the value $1,293,000. For the first four months of 1929 the imports were 1,859,000 square feet.

Mr. EDGE. Mr President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Jersey?

Mr. KING. I yield.

Mr. EDGE. The actual net difference was shown according to the testimony heard by the subcommittee, of which the Senator was a member, which indicates that in the last six years the imports have increased from 3,064,000 square feet to 5,248,000 square feet.

Mr. KING. In 1926 there were 4,484,000 square feet imported, and in 1927 the imports were 4,745,000 square feet. I am informed that one of the domestic plants was destroyed, and that accounts for the increase in imports for the year just referred to. But it is evident that the imports for this year will be no greater than they were a number of years ago. The domestic production has progressively increased, and the imports have been from 1 per cent to 6 per cent.

I invite the attention of the Senate to an editorial from the June, 1929, issue of Tile and Tile Work, a trade paper of the industry. This is not from an enemy; it is from the industry itself, and, I understand, from its organ:

Hardly a week passes but that a report reaches this desk telling about this factory or that factory greatly increasing its production. It can be safely said that virtually every tile factory in the United States is now working full time, and several of them have found it necessary to engage double shifts to keep up with the demand. We prophesy that the production and consumption of tile for the current year will in volume and money greatly exceed the fondest expectations or estimates of any so far made.

Mr. EDGE. Mr. President, will the Senator yield again?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Jersey?

Mr. KING I yield.

Mr. EDGE. I merely wish to invite attention to a comparison. we only have to go back a brief period. The domestic production for 1928, according to the Senator's own figures, was in the neighborhood of 85,000,000 square feet and the imports in the neighborhood of 6,000,000 square feet. That is approximately 14 per cent. Fourteen per cent of the domestic production is represented by imports.

Mr. KING. I think the Senator is in error. The imports were 5,230,000, as indicated by the report given me by the Tariff Commission.

Mr. EDGE. I have given the figures according to the record from the Tariff Commission. I do not know where the records are made up or whether they are compared, but the figures clearly indicate that the number of square feet of imports for 1928 was 6,133,127 and the domestic production for the same year was 85,845,656 square feet.

Mr. KING. It would appear that the commission furnished different figures. Those given me are as I have stated.

Mr. EDGE. Just to complete the thought that I interrupted the Senator to express, the necessity of providing a duty on

turpentine and pitch-oil and products of that character from pine trees was very eloquently presented this morning by the Senator from Georgia [Mr. GEORGE] on the basis that the imports had reached a figure of approximately 10 per cent. I agreed that he probably had a very good case. But when we demonstrate and produce figures to show a 14 per cent competition, the business is too prosperous to be permitted to have American protection.

Mr. KING. I do not comment upon the position taken by the Senator from Georgia. That case will stand upon its own foundation.

My information is that the American Encaustic Tiling Co. (Ltd.), the largest clay-products unit in the world, producing about 25 per cent of entire domestic production, declared 100 per cent stock dividend in 1929, after increasing dividends on common stock from $2.40 to $3.40 per share in August, 1928, and in November, 1928, increased the dividend to $4 per share.

This is one of the largest tile producers in the United States, and it is so much of an infant and its profits were so large that it declared a 100 per cent stock dividend. I may say in passing that many corporations instead of distributing their earnings, which would result in income taxes being paid by the stockholders, retain them in their treasuries for varying periods and then declare a stock dividend. These increased stock issues are treated as capital and are used as a basis for higher charges upon commodities manufactured and sold, as well as for demands for higher tariff rates.

The company to which I have just referred declared a 100 per cent stock dividend in 1929, after increasing the dividend on common stock from $2.40 to $3.40 per share in August, 1928. This is one of the poor industries which my friend from New Jersey would have us believe exist in the tile business. In November, 1928, the same company increased its dividends $4 per share. There were two cash dividends and a stock dividend of 100 per cent in 1928.

The Rossman Corporation, which is another struggling infant—

is a consolidation of four tile establishments showing steady and substantial profits according to the prospectus issued at time of merger two years ago.

According to a report issued by R. G. Dun and Bradstreet, other domestic tile manufacturers show continued and substantial profits.

The editorial from the Tile and Tile Work, which I read a moment ago, concludes with this statement:

Good-sized melons are being cut by almost every factory.

Good-sized melons are being cut by almost every tile factory in the United States, and yet after a 100 per cent stock dividend by one of the largest of these companies and two extra cash dividends we are asked to increase the tariff rates.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. KING. Certainly.

Mr. EDGE. I am very glad to know the industry is prosperous. I do not know just how many additional commodities may be included in their profits, but so far as this rate is concerned in which the committee is particularly interested the cost sheets furnished the committee by the Tariff Commission indicate—and I will have them placed in the RECORD so at least the representation made by the committee will be shown to be based upon all available facts—that the particular rates recommended by the committee in the case of increases and as recommended by the committee in the case of decreases represent, as nearly as it can be figured out, the difference in the selling price at home and abroad.

The representatives of the commission have advised me that they have not in all cases been able to secure the cost of production abroad.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. KING. I yield to the Senator from Tennessee.

Mr. McKELLAR. I want to ask the Senator from New Jersey a question. The cost sheets will apply only to that part of the business known as strips and trimmers or trim. They do not apply to a whole business of small manufacturing. Is not that true?

Mr. EDGE. We have the tables for practically all classes of production.

Mr. McKELLAR. I understood the Senator from Utah a while ago and the Senator from New Jersey also to admit that the demand for an increase was only as to strips and trim.

Mr. EDGE. Yes; that is correct.

Mr. SMOOT. The decrease was on the tile and tiles themselves?

Mr. McKELLAR. Yes; I understand.

Mr. KING. Mr. President, there is some evidence tending to show that some corporations which are producing a number of commodities adjust matters so that, notwithstanding their large earnings and profits and stock dividends, a situation is presented which seems to indicate that upon some commodity, by a sort of compartment bookkeeping system, there has been no profit, and therefore a higher tariff is required upon such commodity. It may be that the company's profits were millions of dollars, and yet as to some item produced by it a loss will be claimed in its production. Mr. President, there are elements of unfairness if tariff duties are levied upon facts of this character.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from California?

Mr. SHORTRIDGE. May I ask my friend a question?

Mr. KING. I yield to my friend.

Mr. SHORTRIDGE. I listened with great interest to the observation just made by the Senator from Utah. Assuming what the Senator says to be accurate and sound economically, that as to one particular article of many manufactured by a given concern, that one article is manufactured at a loss, my question is, Is it the better policy for us, as a legislative body, and for the country, to continue to make that article at a loss or so to adjust the tariff, if we can, as to enable the company at least to make it without a loss?

My second question is this, If a given company can not under present law produce that article other than at a loss, is it the better policy to buy the article from abroad, or to endeavor so to adjust the law as to manufacture the article here in America by American skilled or unskilled labor? Does the Senator grasp the force of my question? I ask it in no contentious spirit or other than to get at the philosophy of the Senator in fixing tariff rates upon imported manufactured articles comparable to those produced in America.

Mr. KING. Mr. President, I shall endeavor very briefly to reply to the Senator's question.

If a company manufactures a number of commodities and so conducts its business as to show a loss on one particular article, absolutely differentiated in every particular from the other commodities produced and having no relation to them, and it was susceptible of demonstration that the article could not be produced except at a loss, then I would not oppose separating it, so to speak, from the mass of other articles produced and treating it separately.

But that is not the course usually pursued by manufacturing corporations, especially those that have large production. In many manufacturing plants there are paramount or primary enterprises carried on, but flowing from them, and as an outgrowth of such enterprises, there are various products manufactured. By-products result in many manufacturing plants and they contribute to the profits of the company. In the production of pig iron, coal is employed and manufactured into coke, and in the utilization of the coke various coal-tar products result. As Senators know, coal-tar products are numerous, and though the coke is indispensable in reducing or smelting the iron ore the by-products from the coke yield many substances which are of great value.

I have recently been advised that a company producing pig iron contemplates manufacturing creosote oils as a by-product from the coke used in the furnaces. Through the development of chemistry and scientific methods in our manufacturing plants valuable products which have heretofore been wasted are now being conserved and converted into commodities, valuable and important to industry. In situations of this kind it is difficult to determine the cost of any given article or commodity growing out of the production of other commodities. It is difficult to determine just what the cost of creosote oil would be, as well as any particular coal-tar product developed from the operation of a plant producing pig iron. There would be some difficulty in ascertaining just what percentage of the overhead, or the cost of the coke, or of the technical skill, or many other factors entering into the cost of production, should be allocated to the cost of manufacture of the by-product or to the cost of the primary manufactured product. There might be a temptation to attribute to the production of some by-product elements of cost with which it should not justly be charged. An unjust proportion of the charge for research work might be ascribed to the by-product or the new product. It is easy to perceive that there are difficulties in determining the exact cost to be charged or allocated to any given commodity where a plant or industry is producing a considerable number of commodities, and that is particularly true where commodities so produced are associated and connected with the production of the primary

commodity. It would be manifestly unfair to single out some commodity under these circumstances and attribute to it factors of production that appertain to one or more other products contemporaneously manufactured.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from California?

Mr. KING. I yield.

Mr. SHORTRIDGE. I can, of course, well appreciate the difficulty of segregating costs and determining whether a given article of manufacture is made at a loss or at a profit; and if so, how much? Take the case of creosote oil; is that imported?

Mr. KING. There are imports.

Mr. SHORTRIDGE. Very well. Is there competition between us and the foreigner?

Mr. KING. I hope there is some competition, because without competition the temptation to exploit the consumer is not always resisted.

Mr. SHORTRIDGE. Precisely. Therefore, if there is material and substantial competition, I would fix such a tariff as would give the company yonder in Utah the advantage so that they could and would continue to make and develop that particular article of commerce.

If it is made at a loss, they may cease entirely to manufacture or produce it, and compel us to turn to the imported article. So my theory is that if we can manufacture a given article of use to our own people we should endeavor to do so, and to give the producer of that article the benefit of the American consuming public. Whether you call that a competitive tariff or a high tariff or a prohibitive tariff I am not concerned, but I want the laws made, if I can make them, in such a way as to preserve primarily the consuming market for the American producer.

Mr. KING. Mr. President, the Senator has not announced a new doctrine; he has heretofore stated it; and, as I interpret it, if carried to its logical conclusion, it would result in prohibiting imports.

Mr. EDGE. Mr. President——

Mr. KING. I yield to the Senator from New Jersey.

Mr. EDGE. I think I recognize the fundamental difference in the conviction and belief of the Senator from Utah and the conviction and belief of the Senator from California, but is not the question of the Senator from Utah to a great extent answered, applying it to the paragraph under discussion, when it is recognized that the total imports of all types of earthen tiles have more than doubled in the short space of four years, according to the statements which I have?

That, it seems to me, is positive evidence, whether the manufacturer in this country is producing many commodities or producing specialized commodities, that he is not able to compete satisfactorily with the German manufacturer or the manufacturer of any country from which the imports may come, otherwise the imports would not double in four years.

Mr. KING. My information is different. In 1926 there were 4,480,452 square feet imported, as against 94,206,076 produced in the United States. In 1927 the imports were 4,745,125, and in 1928, 5,230,000.

Mr. EDGE. I do not want to get into a continual argument with my friend as to the accuracy of figures. I know perfectly well that he has been consulting figures which have been furnished him, and I have been consulting figures furnished me, presumably from the same general source. I do not want, either, to fill the RECORD, but in order to demonstrate that I was not mistaken in my figures, let me say that in 1924 the imports are indicated as being 2,352,545 and in 1928, 6,133,127. That would indicate almost three times greater imports in 1928 than in 1924. I should have read the figures for 1925 which showed imports of something over 3,000,000.

Mr. KING. The Senator ought to call attention to the fact that in 1923 the imports were 3,664,000. Consumption has something to do with imports, and with an increased demand for particular tiles, there would be increased consumption of that type of tiles.

Mr. EDGE. It is my understanding that, generally speaking, the imports of building materials have not increased during the past three or four years; they have rather decreased. The year 1926 was a very bad one, as I recall, in the case of most things, but as to tiles it seems to have been quite a large one.

I think I can offer a suggestion that may at least bring our figures closer together. It has been suggested to me that the Senator's figures do not include the imports from Cuba. The figures that I have given do include the imports from Cuba. In the opinion of the Tariff Commission, that may make up approximately the difference.

Mr. GOFF. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from West Virginia?

Mr. KING. I yield to the Senator for a question.

Mr. GOFF. In connection with the computations which the Senator from Utah has just submitted I wish to offer this computation, which is made upon the report submitted by the Tariff Commission, that the average monthly importations of trimmers and strips in 1929 increased 75 per cent over 1928 and that the importations in 1929 were 553 per cent greater than they were in 1922.

In view of that general statement, which I know is correct and based upon the figures which have been submitted, I conclude that the increase of the tariff in the Senate bill is really not sufficient to measure the difference in the cost of production in Europe and the United States.

In the present bill——

Mr. KING. Mr. President, the Senator from West Virginia has taken the floor. I supposed he wanted to ask me a question, but he is making a speech, and I yield the floor.

The VICE PRESIDENT. The Senator from Utah yields the floor. The Senator from West Virginia is recognized.

Mr. GOFF. Very well, Mr. President. When I have finished I shall retender the floor to the distinguished Senator from Utah, which will be nothing but a fair exchange.

The VICE PRESIDENT. That may not be done under the rules.

Mr. GOFF. I am very sorry about that.

Mr. President, it is provided in paragraph 202 that the duty shall be 10 cents per square foot, but not less than 50 per cent nor more than 70 per cent ad valorem. I submit that in view of the cost of production in America as measured with the cost of production in Europe, the change in this duty should be from 50 per cent to 60 per cent in the minimum ad valorem rate, and that that would merely measure the difference in the cost of production; and that in the specific duty which is in subdivision (c) of glazed earthen tile commercially or commonly known as trimmers or trim, one-fourth of one cent per square inch should really, in fact, if it is to measure the difference in the cost of production, be four-tenths of one cent per square inch.

Unless I shall be requested so to do, I shall not at this time go into the differences in the cost of production as based upon the wage scale; but if the domestic production is to continue I think that this report of the Tariff Commission is not only justified by the increase in the importations, but that in view of the differences in the cost of production it is not as high as it should be if the domestic producer is to be protected.

Mr. EDGE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from New Jersey?

Mr. GOFF. I yield.

Mr. EDGE. The Senator is entirely correct in that assertion. The brief of the National Tile Co., of Anderson, Ind., from which I have already quoted, clearly sets that forth. The duty does not represent the spread between the costs.

Mr. GOFF. That is as I understand.

Mr. EDGE. The costs and the selling prices are all included in the brief, so that I shall not attempt to put them in the RECORD. I should like to draw attention very briefly to the fact that we have been discussing, of course, the general tile industry; but so far as the Finance Committee's recommendation is concerned, it simply takes out what in total is a very small part of the industry. It simply attempts to protect those small strips that heretofore have gone in bulk with the large flat tiles. As I have also tried to point out, we are recommending three changes, two of which are raises, and one of which is over a 50 per cent reduction, demonstrating that the committee is not attempting simply to boost rates. I think the changes are based absolutely on the facts.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from Kentucky?

Mr. GOFF. I do.

Mr. BARKLEY. I should like to ask the Senator from New Jersey whether the two increases represented in subsections (b) and (c) do not represent ad valorem rates ranging all the way up as high as 114 to 117 per cent?

Mr. EDGE. Exactly. I will say to the Senator that we have already put the figures in the RECORD; but, at the same time, that is justified if we are to pattern this bill upon the formula so often indicated by Senators on both sides—that is, the difference in cost of production at home and abroad, whether it is 117 per cent or 600 per cent.

Mr. BARKLEY. Of course it is easy to point out many items in any tariff bill where the tariff does not absolutely, to a nicety, equalize the difference in the cost of production at home and abroad. Sometimes it more than equalizes it; sometimes it does not come up to that standard. It strikes me, however, that a sufficient increase to make the tariff on these tiles the equivalent of 114 to 117 per cent is not justified.

Mr. EDGE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from New Jersey?

Mr. GOFF. I do.

Mr. EDGE. We increased the tariff on casein the other day from 2 to 5½ cents. That would be 150 per cent, or something of that kind; and we did not even have the figures from the Tariff Commission.

Mr. BARKLEY. Of course that was not necessarily based altogether on the question of difference between the cost of production in the Argentine and in the United States.

Mr. EDGE. It was not. We did not even have the figures on which to base it. We just guessed at it.

Mr. BARKLEY. And, if it had been, it is not certain that even 5½ cents would cover the difference. So the illustration of casein stands on an entirely different footing from that which we are now considering.

Mr. McKELLAR. Mr. President, I ask unanimous consent that we may now vote on subsections (b) and (c), taken together. They involve the same matter.

The VICE PRESIDENT. Does the Senator ask for a separate vote?

Mr. McKELLAR. No. We can take one vote on those two items.

Mr. REED. Which items does the Senator want separately considered?

Mr. McKELLAR. Not separately; I ask unanimous consent that we may now vote on subsections (b) and (c), at the top of page 36. Those are the two items in which there is a large increase.

The VICE PRESIDENT. Is there objection?

Mr. EDGE. Mr. President, reserving the right to object, it does seem to me that we should vote on these paragraphs from the standpoint of information and as much scientific consideration as we can give. I do not think they should go in a blanket vote merely because both of them happen to be raises.

There are three or four different and distinct items there. If they are right, they should be voted up. If they are wrong, they should be voted down. I do not see how we can collect a number of items just because they are up and attempt to deal with them in that way, and in the case of those that are down deal with them together because they are down.

Mr. McKELLAR. If the Senator objects to that, then I ask unanimous consent that we may now vote on paragraph (b), at the top of the page.

Mr. REED. Does the Senator mean without further debate?

Mr. McKELLAR. Without further debate.

Mr. REED. Oh, no; I have a word to say.

The VICE PRESIDENT. Does the Senator object?

Mr. REED. I object.

The VICE PRESIDENT. The Senator from Pennsylvania is recognized.

Mr. REED. Mr. President, the experience of the domestic potters, the domestic manufacturers of tile in western Pennsylvania and eastern Ohio, shows, without the need of any figures to prove it, that products that could be and should be made by American labor are being made abroad and imported here at such prices that it is utterly impossible for the American factories to compete.

The Senator from New Jersey [Mr. EDGE] has already given illustrative cases; but in order that the Senate may know the procedure which we followed in arriving at the duties fixed in subparagraphs (b) and (c) I ask leave to put in the RECORD at this point three statements. One of them shows the calculations of the Tariff Commission on the foreign invoice prices of earthen tiles, together with their duty under the present law and their delivered cost here, showing also the duty imposed by the House bill, which the Finance Committee has approved, and comparing those with the domestic selling prices of the same articles made in this country. The next statement gives the same treatment to glazed earthen tile in the form of trimmers, or trim, as it is called. Those are the corner margins used in completing tile walls. It gives the foreign costs, the typical sizes and typical shapes, and shows the duty under the present law and the delivered cost; it shows the duty under the House bill and the duty proposed by the Finance Committee and the delivered cost under that duty, and compares that with the domestic selling price of the same article; and then, finally, it gives the same treatment to glazed earthen tile in the form of strips.

Let me pick out a couple of typical cases.

We found that in the case of what is known as sanitary base—that is, a rounded form of tile which goes at the point of junction of the wall and the floor—of size 6 by 6 inches, containing 36 superficial square inches, the f. o. b. price for 100 tiles of that sort abroad at the port of shipment is $7.70. Although there are many manufacturers of those tiles in those countries, and although nobody suggests that the prices are kept up by agreement, the lowest competitive price for the same article of domestic manufacture is $24.50 per 100 pieces, as against a foreign price at the port of shipment of $7.70.

Now, obviously, if the domestic article is to sell in competition with the imported article, American labor has to accept about one-fourth of its present scale of wages or it has to lose the business.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Tennessee?

Mr. REED. I yield.

Mr. McKELLAR. While the Senator's figures in regard to these particular items of strips and trim perhaps may be correct, on the other hand these are just two tile articles out of a great many; and, taken as a whole, the tile companies are making tremendous profits, as shown by the record. Why should we add to their already very large profits, more than most other companies in the country make, by seeing to it through a tariff, through a governmental bounty, that they make these enormous profits on each and every one of the articles they manufacture?

Mr. REED. These, Mr. President, are the only two items in the whole range of tile products the rates on which the committee has increased. We increased them, not to raise the profits of the manufacturing companies so much as to see that the articles themselves are made in this country, or at least that the industry here has a fair chance in competition with the importer.

It is of no consequence to the workman who is an expert in making these tile shapes like the sanitary base to tell him that the company for which he used to work is making a lot of money in other products. We are not trying to raise the duty on all varieties of tile. We think that the figures which I am putting into the RECORD now show that the present duty is almost sufficient, but they also show that the present duties on trimmers and strips are wholly insufficient.

Let me follow out the illustration I started to give of the tiles 6 inches square, rounded at the bottom so as to prevent there being a place where dust and dirt can collect, which is now used, I believe, in practically every hospital. It is known as the sanitary base. I think in modern bathrooms it is quite generally used. It is all handmade, necessarily. No machine can make a tile of that shape.

The foreigner puts them on board ship at a delivered cost abroad of $7.70 for a hundred pieces. The American manufacturer in competition with his fellows still has to charge $24.50 per hundred.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. KING. My information is that on the strips decorated, 6 by 1, one color, the American price is 3 cents per piece, established American average selling price f. o. b. New York, per square foot, including packing. The import cost f. o. b. warehouse New York per square foot, including packing and duty, is 3½ cents per piece.

Strips decorated, 6 by 1, two colors, 3 cents per piece, the American price, and the import cost price f. o. b. warehouse New York, per square foot, is 4 cents per piece.

Mr. REED. Mr. President, I started to talk about trimmers, not strips. I meant to come to strips presently, and I dare say I will reach the articles of which the Senator has spoken. But I want to carry on my illustration.

Mr. KING. I thought the Senator was speaking of strips.

Mr. REED. No, Mr. President; I was talking about trimmers.

Mr. KING. I beg the Senator's pardon.

Mr. REED. The trimmers, as the Senator will remember, are the articles that are mentioned in subdivision (c), and I happened to start by speaking about those.

Let me carry on the illustration further, still using these 6 by 6 sanitary bases for the purpose of illustration. Seven dol-

lars and seventy cents is the delivered cost per hundred of them in the foreign ports; $24.50 the domestic price.

The law of 1922 puts a 45 per cent duty on those articles, and that means that the article delivered in this country, duty paid, adding 20 per cent for the profit of the importer; and the importer's expenses are $14.40 per hundred pieces. The article laid down here, with 20 per cent allowed the importer for his overhead and his profit, comes to $14.40 per hundred, $10.36 a hundred less than the price at which the domestic maker can sell.

When the House saw that situation they raised the duty timidly to 50 per cent, and that made the delivered cost to the foreigner, delivered in America, plus 20 per cent, $14.60, or $9.90 less than it can be made and sold for here.

Not intending to make up the whole difference, because we believed that would not meet with success on the floor or in conference, nevertheless we put in the duty of a quarter of a cent per square inch, and that, if it is adopted, will bring the delivered cost of the foreign trim of that shape up to $20.78, which is still $4.72 less per hundred pieces than the cost of the domestic product. That will give the American workman who makes those tiles by hand something of a chance; at present he has no chance.

I could carry that illustration on further. I could take bullnose caps and stretchers and various things which constitute this group called trimmers, but instead of taking the time of the Senate to do that, I will put a table into the RECORD, and I ask those who are interested in it to remember that it was upon that information, furnished by the Tariff Commission, that the Finance Committee acted in fixing these duties on trimmers and strips.

Nobody is going to get rich out of these two items, but if we adhere to the duty calculated in this way, on the basis of the Tariff Commission's information, hundreds more Americans are going to make those articles. The wages of those hundreds of Americans are going to stay in this country, to the advantage of everyone who sells to them, whether he sells them food to eat, whether he sells them clothes to wear, whether he sells them any of the thousand and one articles they need for their living. That would be the effect of the amendments we have recommended. It is not going to have a substantial effect upon the profits of the companies which make the article. I hope it will have some effect, but I do not think it is going to increase the profits to any appreciable degree.

Now, coming to strips——

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WALSH of Massachusetts. I was about to ask the Senator if the strips and the trimmers referred to in subdivisions (b) and (c), upon which an increase has been suggested by the majority of the Finance Committee, constitute a large or a small proportion of the entire manufacture of tile?

Mr. REED. They vary. In the imported article, speaking of recent imports, I find that the percentage of trim among the articles is about 44 per cent, the flat tile 56 per cent of the imports, the trim constituting 44 per cent. In the domestic output the flat tile constitutes 60.6 per cent and the trim 39.4 per cent, or on a weighted average flat tile constitutes 69.5 per cent of the domestic product, and the trim constitutes only 30.5 per cent.

The reason for the difference is that we are able to compete with the foreigners better on the flat tile, where we make no increase, but they have such an advantage of us on the trim that it constitutes 44 per cent of their shipments, while it is only 30 per cent of the domestic production.

Mr. WALSH of Massachusetts. I notice that in clause (e), "So-called quarries or quarry tiles measuring seven-eighths of an inch or over," the duty is reduced on the recommendation of the committee.

Mr. REED. Yes.

Mr. WALSH of Massachusetts. Will the Senator state to what extent those so-called "quarries or quarry tiles" compare with the entire manufacture of tiles of all grades and classes?

Mr. REED. My recollection is that that is given in the Tariff Commission Summary.

Mr. WALSH of Massachusetts. Mr. President, the Senator will observe that I am trying to determine how much the manufacturers of quarry tile have been given a reduction upon the recommendation of the committee, and to what extent other tiles have been given an increase.

Mr. REED. I can answer that. Roughly, at the present time, in square feet the quarry tiles constitute about 10 per cent of the total imports of tile. The reason why we have treated them differently is that we have found that the importations of the quarry tiles have been declining to a considerable extent, and we gathered the impression, both from that fact and from the figures of the commission, that the present duty is too high. Therefore, we reduced it.

Mr. WALSH of Massachusetts. Did I understand the Senator to say that the consumption of the foreign tile is about 10 per cent?

Mr. REED. No, Mr. President. I do not think anybody has any information that will tell us about consumption, but out of the total imports in 1927, for example, of 4,745,000 square feet, the imports of quarry tile were 597,000, or something over 10 per cent; in 1928 the total imports were five million and a quarter, roughly, while the imports of quarry tile were 373,000.

Mr. WALSH of Massachusetts. I thank the Senator, but I was particularly anxious to learn to what extent the total American consumption relates to these various clauses (b), (c), and (e).

Mr. REED. I wish I knew, but I have given the figures as to the commercial strips. We have no figures about the quarry tile.

Mr. WALSH of Massachusetts. I think a good deal more could be said about the committee's recommendation, for instance, if it appeared that there was a very large consumption of the quarry tiles, offsetting the increase in the other two paragraphs, regardless of the merits of the question itself, which the Senator has ably presented.

Mr. REED. Quite frankly, Mr. President, I think that the increase on the trimmers and the strips is much more important to the industry than is the reduction on quarry tile. I think that the effect of the revenue on the United States will be a net increase. The Government will make more from the increase on the trimmers and strips than it will lose by the reduction on the quarry tiles.

Mr. WALSH of Massachusetts. I should assume from the Senator's argument that from the standpoint of the industry the strips and the trims were the important tiles to be given the increase.

Mr. REED. They are relatively more important. Now, let me show the Senator why we reduced the rate on the quarry tile. We found that the f. o. b. price of the typical English quarry tile, say 6 inches square, was $12.44 per square foot at the British plant. The duty under the 1922 law, as I recall it, was 30 per cent, which made the duty $3.73, and adding to that, of course, insurance, freight, and importer's profit, it made the total cost $23.77, as against the domestic selling price of $29. Therefore, to make up that difference in cost, the House raised the duty on the quarry tile to 70 per cent, bringing it up to $8.71.

Mr. WALSH of Massachusetts. I am frank to say to the Senator that I think there is some evidence here that would seem to justify an increase over the present rate. I do not know whether the increase recommended is adequate or not. I am frank to say that there appears to be some evidence tending to indicate that this industry is distressed in these particular lines.

Mr. REED. I thank the Senator. What we concluded was that the House increase was too much, and therefore we have cut down the increase on the quarry tile given by the House. We did not think that was justified. But we did think that something more ought to be done on the trimmers and the strips.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. REED. I am glad to yield.

Mr. GEORGE. It is stated, and I presume it is in accordance with the facts, that the ad valorem equivalent of the specific duty stated in subdivision (b) ranged from 60 to 114 per cent, and that the ad valorem equivalent of the rate fixed in subdivision (c) ranged from 60 to 117 per cent. Assuming those figures to be correct, is the Senator able to give us the ad valorem equivalent of the specific in those two cases?

Mr. REED. No, Mr. President. That would depend entirely on the particular sizes that happened to be imported in any year.

Mr. GEORGE. I know that is true, but I thought perhaps the Senator had those figures.

Mr. REED. No; and I do not think that information can be prepared. I would like to say, with regard to the 114 and 117 per cent duties, that those high rates would result only in the case of an extremely small and extremely cheap article. The average ad valorem would be very much less.

Mr. GEORGE. I know that is true, unless it so happens that all the imports fall into those classes which take the very high rates. I apprehend that is not true, and I would like to know the average ad valorem or have some information on that point.

Mr. REED. I am sorry that I can not give it, and I do not believe that anybody would be able to calculate it. May I say that when I took that 6 by 6 inch sanitary base for illustration a little while ago, one reason why I selected it as an illustration was that that was the one case in which the duty on trim went up as high as 114 per cent. I wanted to take the most extreme case of an increase in duty. On every other variety of trim the equivalent ad valorem is less than in the illustration I took. In the case of the strip 6 inches long and half an inch wide, I think our own observation in tile that we see in bathrooms, for example, would indicate that there is very little tile of that particular type that is used.

Mr. EDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New Jersey?

Mr. REED. Certainly.

Mr. EDGE. Just on that particular point, and helping to answer the query of the Senator from Georgia [Mr. GEORGE], I want to invite attention to the fact that on all sizes of strips over an inch wide the existing duty is only from 50 to 60 per cent and the new duty proposed is a flat 60 per cent. In other words, all sizes of strips over 1 inch in width come under a 60 per cent ad valorem rate, instead of a duty ranging from 50 to 60 per cent, as provided in the House text.

Mr. BARKLEY. Under subsection (b) there is provided a specific rate for each of those tiles of 1¼ cents and 1½ cents, depending on the width. Then, "all the foregoing, if embossed or decorated except by stenciling, and all other strips, 60 per cent ad valorem."

Mr. EDGE. Not specially described by stenciling process or otherwise.

Mr. BARKLEY. It appears that about 62 per cent of the imports of the tiles about which we are talking enter the port of New York and about 25 per cent enter the port of Los Angeles, comprising almost the entire quantity of importations. Can the Senator from New Jersey or the Senator from Pennsylvania advise us at what distance it is profitable to transport these tiles from the port of entry, so as to make them compete with the products produced in the interior?

Mr. REED. As to that I know no more than the Tariff Commission has advised us, that it costs about the same to bring it from the factory in Germany to New York City as it does to take it to New York City from Sharon, Pa., or East Liverpool or one of the eastern Ohio towns where it is made. The transportation costs to market are just the same from Germany as they are from eastern Ohio.

I think it is worth carrying in mind that there are two factors which enter into the competition that seriously affect the American industry. One is that there is a cartel in Germany which controls the production and the prices. Another is that a great deal of work that is done by men in this country is done by girls in Germany at very much less wages relatively than if the women were employed over here. In other words, the disparity in the wage cost is more than the ordinary disparity that obtains between Germany and the United States. I think both of those things ought to be carried in mind. We have an established industry here. I have seen the factories standing idle. We know by sad experience that in these particulars we are unable to compete, and we know from the Tariff Commission that the relief we are trying to give here will not in any case suffice to put the foreign costs over the prevailing domestic price. There is no cartel in America. There are no girls employed here in the manufacture and shaping of these tiles as in Germany. There is no suggestion, and never has been so far as I know, that there is any conspiracy in restraint of trade that fixes the American price. I have never heard it suggested that it was not freely a competitive price here.

It does seem important that we should try to protect that type of American labor. Our experience always is that if we surrender the market to one of the cartels abroad they immediately boost the price. Their low price only obtains in competition. They are just as shrewd and wise as any business man can be, and the moment American competition disappears they put into effect the increased prices on their product.

Mr. President, I send to the desk and ask to have printed at this point in the RECORD the three statements to which I have heretofore referred.

The VICE PRESIDENT. Without objection, it is so ordered. The statements are as follows:

Earthen tiles: Flat wall and floor—Duty calculated at rates imposed under act of 1922, and in H. R. 2667 (approved by Finance Committee), and comparison of selling prices of domestic and imported articles at New York City based upon such rates

Flat wall tile, floor tile, and quarry tile	Size	Price, packed, f. o. b. port of shipment	Duty imposed under act of 1922			Duty imposed under H. R. 2667 and approved by Finance Committee [1]			Selling price of domestic
			Rate	Amount	Selling price of imported (c. i. f. cost plus 20 per cent)	Rate	Amount	Selling price of imported (c. i. f. cost plus 20 per cent)	
		Cents per square foot		*Cents per square foot*	*Cents per square foot*		*Cents per square foot*	*Cents per square foot*	*Cents per square foot*
Colored glazed wall	4¼ by 4¼ inches	30.00	45 per cent	13.50	55.20	50 per cent	15.00	57.00	57.0
White glazed wall	6 by 3 inches	16.40	8 cents	8.00	32.30	10 cents	10.00	34.70	38.9
Black glazed wall	4¼ by 4¼ inches	28.00	45 per cent	12.60	51.70	50 per cent	14.00	53.40	56.9
Semivitreous floor	4 by 4 inches	[2] 12.50	60 per cent	7.50	27.00	70 per cent	8.75	28.50	37.4
Vitreous floor	6 by 6 inches	[2] 18.00	45 per cent	8.10	34.90	50 per cent	9.00	36.00	47.4
English quarry	do	[2] 12.44	30 per cent	3.73	23.77	70 per cent [3]	8.71	29.65	29.0

[1] Except quarry tile. [2] F. o. b. plant. [3] Rate under H. R. 2667 changed by Finance Committee.

Glazed earthen tile trimmers or trim—Comparison of calculated selling prices of representative types of imported trims at rates imposed under 1922 act, H. R. 2667, and at rates proposed by Finance Committee with selling prices of comparable domestic trims at New York City

Trim	Size	Price, packed, f. o. b. port of shipment	Duty imposed under act of 1922		Duty imposed under H. R. 2667		Duty proposed by Finance Committee		Selling price of domestic
			Rate	Selling price of imported (c. i. f. cost plus 20 per cent)	Rate	Selling price of imported (c. i. f. cost plus 20 per cent)	Rate at one-fourth cent per square inch	Selling price of imported (c. i. f. cost plus 20 per cent)	
White glazed trimmers or trim tile:		*Per 100*	*Per cent*	*Per 100*	*Per cent*	*Per 100*	*Per cent*	*Per 100*	*Per 100*
Bullnose cap	6 by 2 inches=12 square inches	$3.05	45	$5.55	50	$5.74	98.5	$7.51	$10.90
Stretcher	do	4.35	50	8.08	50	8.60	69.0	9.07	12.60
Sanitary base	6 by 6 inches=36 square inches	7.70	45	14.14	50	14.60	117.0	20.78	24.50
Colored glazed trimmers or trim tile:									
Bullnose cap	4¼ by 2 inches=8.5 square inches	5.20	50	9.54	60	10.16	60.0	10.16	11.50
Stretcher	do	6.20	50	11.34	60	12.08	60.0	12.08	13.30
Sanitary base	4 by 4 inches=16 square inches	6.65	50	12.34	60	13.14	60.0	13.14	22.30
Black glazed trimmers or trim tile:									
Bullnose cap	6 by 2 inches=12 square inches	5.00	50	9.25	60	9.85	60.0	9.85	11.50
Stretcher	do	6.00	50	11.05	60	11.77	60.0	11.77	13.30
Sanitary base	6 by 6 inches=36 square inches	10.00	45	18.14	50	18.74	90.0	23.54	25.90

Glazed earthen tile, strips—Comparison of calculated selling prices of representative types of imported strips when assessed at rates imposed under 1922 act, H. R. 2667, and at rates proposed by Finance Committee with those of comparable domestic strips at New York City

Strips	Price packed f. o. b. port of shipment	Duty imposed under act of 1922		Duty imposed under H. R. 2667		Duty proposed by Finance Committee			Selling price of domestic
		Rate	Selling price of imported (c. i. f. cost plus 20 per cent)	Rate	Selling price of imported (c. i. f. cost plus 20 per cent)	Rate	Per cent	Selling price of imported (c. i. f. cost plus 20 per cent)	
Glazed, one color, not exceeding 1 inch in width:	*Per 100*	*Per cent*	*Per 100*	*Per cent*	*Per 100*	*Cents, each*		*Per 100*	*Per 100*
6 by ½ inch	$1.10	50	$2.05	60	$2.18	1¼	114	$2.89	$3.06
6 by 1 inch	1.66	45	3.01	50	3.11	1¼	75	3.61	4.08
Glazed, one color, exceeding 1 inch in width:									
6 by 1½ inches	2.13	45	3.89	50	4.02	----------	60	4.28	3.56
4 by 1½ inches	2.13	50	3.95	60	4.21	----------	60	4.21	3.56
Glazed, stenciled, regardless of color, not exceeding 1 inch in width:									
One color—									
6 by ½ inch	1.70	50	3.13	60	3.34	1½	88	3.91	4.06
6 by 1 inch	2.14	50	3.97	60	4.23	1½	70	4.49	5.08
Multicolored—									
6 by ½ inch	2.12	50	3.89	60	4.14	1½	71	4.42	4.06
6 by 1 inch	2.55	50	4.71	60	5.02	1½	[1] 60	4.98	5.08
Relief strips (embossed), one color:									
6 by ½ inch	1.80	50	3.36	60	3.52	----------	60	3.52	3.06
6 by 1 inch	2.30	50	4.26	60	4.53	----------	60	4.53	4.08

[1] Minimum rate of 60 per cent applies.

Mr. BARKLEY. Mr. President, I appreciate the facts which have been disclosed by the Senator from Pennsylvania, and which are carried in the statements practically, I think, as sent over by the Tariff Commission in some papers which I have here prepared by them. I am frank to say that I think to a certain extent this item comes within the range of the President's suggestion when he called Congress into extra session for the purpose of revising the tariff on agricultural articles and, in a limited way, upon certain other articles of industrial production in which economic changes have taken place.

I take for granted the truth of the statement of the Tariff Commission to the effect that within the last four years these imports have more than doubled. Certainly I am not in a position to dispute that statement. Accepting the theory upon which the bill is based and accepting the theory upon which the present law is based, I hope that I am frank enough to admit when there is a justifiable increase proposed that it should be made. I am frank to say that I think the facts here justify some increase in this particular item. The thing that worries me is whether it is proposed to increase it too much, whether by reason of the fact that the House, in leaving out certain specific language increased the rate on some of these tiles to 70 per cent and in the two paragraphs fix specific rates of 1¼ and 1½ cents, and then in subsection (c) one-fourth of 1 cent per square inch but not less than 60 per cent ad valorem, the committee has not more than bridged the difference between the conditions which existed four years ago and those that exist now.

Mr. EDGE. I admit that that question can be frankly raised, but the only evidence, and it is not entirely conclusive, upon which we could base our computations—and a representative of the Tariff Commission helped to work out the differential—was the selling cost. It is absolutely impossible to ascertain the cost of production abroad. In order to meet that kind of a situation, after all is said and done, we must accept the invoice price, and on the basis of the invoice price I think these rates are perfectly fair.

Mr. BARKLEY. Of course in the absence of definite information as to the cost of production, where we start out to fix a rate based on a guess, we are just as apt to fix it too high as to fix it too low. It seems to me that in this particular instance the committee have given the benefit of the doubt to the fullest extent to a supposed cheaper cost in Germany than is actually the fact, as compared to the American product. I am not in a position to say, because I do not know any more about it than do the majority members of the committee, and certainly no more than the Tariff Commission, which seems to know very little; but it seems to me that 1¼ cents and 1½ cents a piece on these small tiles, which may in their extreme equivalent ad valorem represent 114 and 117 per cent, borders almost upon a prohibitive rate. I wonder whether the Senators would be willing to accept 1 cent in subdivision (b) and 1¼ cents in subdivision (c), which would reduce the extreme ad valorem to something in the neighborhood of 100 per cent? When we get above a 100 per cent ad valorem tariff on a product of this type, it seems to me we are going beyond what the facts justify.

Mr. REED. In the case where the rate comes up to 114 per cent, the foreign delivered cost, with 20 per cent allowed to the importer to cover his charges and profits over the foreign-invoice value, brought it up to $2.89 per 100 feet, while the domestic selling price is 17 cents more than that, or $3.06. If it brought it up even, I could agree with the Senator that we ought to give ourselves the benefit of the doubt and not make the duty so high. But it is a fair presumption that those people over there are not persisting in selling things at less than it costs to make them, and that the invoice value is good circumstantial evidence of what they can make the goods for. Allowing the foreign manufacturers a profit that is concealed in the foreign-invoice price and putting on this duty, we still have not brought it up to the domestic equivalent.

Mr. BARKLEY. There is no charge that the foreign manufacturer is deliberately reducing his price in order to undersell the American manufacturer?

Mr. REED. Every competitor does that in competition.

Mr. BARKLEY. I understand.

Mr. REED. There is no charge of dumping, if that is what the Senator means.

Mr. BARKLEY. There is no charge that they have deliberately reduced their price below a living point in order that they may enter this market?

Mr. REED. That has not been suggested. It seems to me that right here in this particular detail of this industry we have a case which is covered as well by the Democratic platform definition of a competitive tariff as by the Republican definition of a protective tariff. Looked at from either standpoint, these duties are amply justified, and I hope the Senate will agree to them.

Mr. KING. Mr. President, I should like to ask the Senator where he got the figures indicating the difference in cost.

Mr. REED. From Mr. Koch, the chief of that division of the Tariff Commission.

Mr. KING. Those were not the cost-production figures but merely the selling prices?

Mr. REED. The selling prices in the two countries; yes.

Mr. KING. The selling prices in the two countries or in New York?

Mr. REED. No; the selling prices in Germany and the selling prices in America of the American product.

Mr. KING. Does the Senator have the cost of production of the American manufacturers?

Mr. REED. So far as I know the Tariff Commission has not that information; I have never seen it.

Mr. KING. Then the Senator is not basing any of his statements upon the cost of production either at home or abroad?

Mr. REED. Only in so far as they can be inferred from the persistent course of conduct of the parties selling at these prices.

Mr. KING. The Senator was not in the Chamber a few moments ago when I called attention to the article in the June number of Tile and Tile Work, a trade paper of this industry, in which it is stated:

Hardly a week passes but that a report reaches this desk telling about this factory or that factory greatly increasing its production. It can

be safely said that virtually every tile factory in the United States is now working full time and several of them have found it necessary to engage double shifts to keep up with the demand. We prophesy that the production and consumption of tile for the current year will in value and money greatly exceed the fondest expectations or estimates of any so far made.

Mr. REED. To a large extent, I think, that is true of the flat tile, but it is a fact that to-day the builders in New York are buying the domestic flat tile and buying the imported trimmers and strips. It is the trimmers and strips where most of the labor is involved. Much more labor goes into the formation of a bull-nosed cap, for example, than into a plain flat tile which fits next to it. That is what we are trying to take care of. We obtained these statements from the Tariff Commission. Then we had calculations made to see what the effect would be if we fixed the duty at one-fifth of a cent on the trimmers instead of a quarter of a cent. Then we also had tables made to calculate what the duty would come to if we made it three-tenths of a cent. We tried to whittle it down to the most exact figure we could get. We concluded that three-tenths of a cent per square inch was too much and that one-fifth of a cent or two-tenths of a cent was too little, and that justice lay at some rate above a quarter of a cent, and so we put it at a quarter of a cent for ease of calculation.

Mr. KING. Did the Senator answer the statement to which I directed his attention a few moments ago, that the strips, decorated, 6 by 1, one color, were 3 cents per piece for the domestic price and 3½ cents per piece the import cost price f. o. b. warehouse New York per square foot, including packing and duty? Has the Senator any information relative to the accuracy of that statement?

Mr. REED. I have quite a little information. Does the Senator refer to the plain, glazed, 1-color type?

Mr. KING. I will give some particular instances:

Matt glazed, 47.8 cents per square foot, which is the established average American selling price f. o. b. New York, while the import cost price f. o. b. warehouse, New York, is 47 cents per square foot.

Enameled glazed colored bright, 41.5 cents per square foot for the domestic price, and 47 cents per square foot for the import cost.

Bright enameled black, 36.5 cents per square foot, domestic price, and 37 cents per square foot for the import cost.

White glazed wall, 27.5 cents per square foot for the domestic price and 25.5 cents per square foot for the foreign cost price.

White 6 by 6 straight-top base, 15.5 cents per piece for the domestic price and 11 cents per piece the import cost price.

Strips decorated, 6 by 1, one color, 3 cents per piece the domestic price and 3.5 cents per piece the import price.

Strips decorated, 6 by 1, two colors, 3 cents per piece the domestic price and 4 cents per piece the import price.

Black enameled angle beads, 6 by 1, 5.75 cents per piece domestic price and 6.5 cents per piece the import price.

Mr. REED. Mr. President, I have trouble in meeting the Senator on common ground, because the prices furnished me are on the basis of dollars and cents per hundred feet. I take a 6 by 1 plain glazed tile strip, and am told that the f. o. b. price at the German port is $1.66 a hundred, while the domestic price of that same article is $4.08.

Mr. BARKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. BARKLEY. I understand that domestic prices are taken from list prices without considering any discount whatever. In other words, in estimating the foreign price they take what is supposed to be the selling price plus transportation, and I think include, on about a 20 per cent basis, overhead and profit, which may or may not be high or low; but in estimating the American price that take the price as scheduled in the catalogues, the list price plus transportation to New York, without any discount whatever. The Senator knows that, of course, the list price of a wholesaler or a manufacturer is not the price at which the article is actually bought, so that it may be possible that both of these estimates are inaccurate. It may be that the estimate on the foreign goods is too high or too low, but if it is true that the list price has been taken as a basis, without any discount at all, and to that has been added transportation to New York, it may be higher than the price actually paid by those who purchased the commodity.

Mr. REED. The Senator is absolutely right about that, but, of course, we understood at the time that what was stated as the domestic price was the actual money value at which the sales were being made.

I have just conferred with the expert of the Tariff Commission in charge of this division and he informs me that these are the actual sale prices, the actual money paid for the domestic product, not the list prices. The Senator would be absolutely right if they had done what he stated, but the expert assures me that that is not what they did.

Mr. EDGE. Mr. President, will the Senator from Pennsylvania yield to me?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New Jersey?

Mr. REED. I yield.

Mr. EDGE. I merely want to emphasize that the expert in charge of this particular division, who was constantly in consultation with the subcommittee at the hearings on the earthenware schedule, and who has been available also to any other members of the committee who desired to consult with him, is Mr. Koch, who has received unlimited praise from our good friends on the other side of the aisle. So I am quite sure that these estimates are as nearly correct as they can possibly be.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

Mr. SMOOT. Mr. President, the last amendment having been agreed to on page 36, I now ask the Senate to return to page 35 and agree to the amendment on lines 19 and 20, which is made necessary by the amendment just agreed to.

Mr. McKELLAR. Did we not just vote on subsection (b)?

Mr. SMOOT. On subsections (b), (c), and (e); that is one amendment.

The VICE PRESIDENT. Will the Senator from Utah state the next amendment he desires to have considered?

Mr. SMOOT. Mr. President, as I understand, the amendment found on page 36, subparagraphs (b), (c), and (e) has been agreed to?

The VICE PRESIDENT. Yes.

Mr. SMOOT. That being the case, I ask now to turn to page 35 and to the amendment found in lines 19 and 20.

Mr. REED. That is just a mere cross-reference, I think.

Mr. SMOOT. It was stated that we would not act upon the amendment in question until we acted upon the amendments on page 36. Having acted upon them, I ask for an agreement now to the amendment on page 35, in lines 19 and 20.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 35, in line 19, after the word "tiles," it is proposed to insert "and except tiles provided for in subparagraph (b), (c), or (e)."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

Mr. SMOOT. Mr. President, the next amendment is in paragraph 204.

Mr. REED. Mr. President, that introduces a totally new subject. Can we not take that up in the morning?

Mr. SMOOT. I am going to ask that that be done.

Mr. President, I desire to state that I have had delivered to each Senator one copy of part 2 of the statement by the Commissioner of Internal Revenue in response to Senate Resolution 108, relative to furnishing the Committee on Finance with statements of profit and loss of certain taxpayers affected by the tariff bill.

I also desire to state that as soon as the remainder of the statements shall have been printed, I shall see that each Senator is furnished with a copy of the document. Those are the ones that have come in so late that we could not get them into the second volume.

MR. GRUNDY AND THE TARIFF

Mr. WALSH of Montana. Mr. President, I ask unanimous consent that there may be printed in the RECORD an editorial from the Philadelphia Record of October 31, 1929, entitled "Mr. Grundy Himself Explains Just What Grundyism Is."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record, October 31, 1929]

MR. GRUNDY HIMSELF EXPLAINS JUST WHAT GRUNDYISM IS

"There ain't no sech an animal!" muttered the backwoods visitor to the circus upon first seeing a giraffe.

So some citizens, even after observing Grundyism in action, have doubted its existence.

There isn't, there can't be, they have told themselves, such a system as that seemingly represented by the president of the Pennsylvania Manufacturers' Association.

There couldn't be, among men intelligent enough to be successful industrialists, such callous disregard of public rights, such profound ignorance of political and economic principles, greed so arrogant, and practice so cynical.

Yet all these things are now in plain view.

Grundyism is as real as Mr. Grundy himself. And its astonishing ideas have been set forth by no less authoritative a person than that eminent fat fryer of Republican campaign funds and superlobbyist for a special-privilege tariff.

Hear him, as he instructs the Nation through the Senate committee investigating lobby scandals:

"It is unfortunate that the Constitution grants to all the States equal representation in the Senate.

"If the volume of voice in the Senate were proportioned to population, productive power, or contributions to national upkeep, some States now most vocal would need amplifiers to make their whispers heard.

"A sense of propriety, if not law, should silence the Senators from backward States—such as Arizona, the Dakotas, Idaho, Mississippi, Arkansas, Montana, and Wisconsin—when a tariff bill is being framed.

"These backward States might be permitted to have their say on junior Red Cross work and outdoor relief, but should be required to hold their peace on matters affecting industry and the material welfare of the country.

"The figures of wealth and industrial production and income-tax payments show that they have only white chips in the game. They should accept guidance from the industrial States."

That's Grundyism—not as portrayed by the satirist or the critical economist but as pictured by its most industrious and voluble exponent.

A system which is at war with the first principles of the Constitution.

Which feels aggrieved over the union of sovereign States and yearns for a dictatorship by those possessing the most property.

Which would establish the industrial East as supreme and the agricultural West and South as its colonial dependencies.

Which would transform the Government of the United States from a democracy into a plutocracy.

Which would make wealth the test of participation in lawmaking and the dollar sign the emblem of political power.

Which would rate civil rights on the basis of bank clearances and the output of pig iron.

Which would exalt money above manhood.

In some aspects these amazing utterances are valuable. They are at least candid and enlightening.

They reveal the beliefs and the motives which lead some industrialists to regard tariff making as their private concern and the farmers' and consumers' demands for economic equality as an impertinence.

Mr. Grundy and his followers are hopelessly muddled, but quite sincere.

They really believe that the industry of making goods is the supreme factor in economic and social well-being, and the industry of agriculture a side issue, if not an irrelevancy.

They really believe that only those States which supply the Nation with manufactures are advanced, while those which supply it with raw materials and food are benighted.

History, economics, the principles of represenative government, the interdependence of human activities, the imperative need for harmonious development of national resources and capacities—to these fundamental things their minds are shuttered.

The founders of the Republic, Mr. Grundy graciously admits, "did the best they could with what they had." But they had only "backward" communities, for the thirteen Colonies lacked factories and their accumulation of wealth was negligible.

So, too, in the eyes of Grundyism the agricultural States are backward and their participation in government should be correspondingly reduced.

They don't comprise a part of our mechanized civilization—they merely support and nourish it, and should remain in a becoming state of serfdom.

They are deficient in millionaires.

They don't produce such essentials as machine-made goods, but merely such incidentals as grain and beef and timber and oil and minerals—the things that sustain life and keep industry going—and a market for manufactures.

And their other contributions to social welfare and national progress are to Grundyism even less weighty—such intangible things as political independence, vigor of thought, the pioneering spirit, a sense of fair play, and American idealism.

Over in Russia the Grundies of communism are enforcing on "backward" groups of the population their conception of public affairs.

Peasants who resent being exploited by sovietized industry are lined up before firing squads and shot.

Our Grundies are not so crude and sanguinary of mind. They would only disfranchise the inhabitants of nonindustrialized States.

But their economic and political philosophy is just as irrational and destructive as that of the autocrats of Moscow.

CLOSING OF WASHINGTON CENTER MARKET

Mr. JONES. Mr. President——

Mr. SMOOT. Mr. President, I ask that the Senate proceed to the consideration of the joint resolution (S. J. Res. 77) providing for the closing of Center Market in the city of Washington.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution.

Mr. SMOOT. In line 6, I move to strike out "January 1, 1931," and to insert "June 30, 1930."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On line 6, after the word "after," it is proposed to strike out "January 1, 1931," and insert "June 30, 1930," so as to make the joint resolution read:

Resolved, etc., That the Secretary of Agriculture is authorized and directed to give notice that the Government will cease to maintain the public market known as Center Market in the city of Washington after June 30, 1930. The buildings used and occupied for the purposes of such market shall be vacated on or before such date.

The amendment was agreed to.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. JONES. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

The VICE PRESIDENT. Reports of committees are in order.

NOMINATION OF EUGENE BLACK

Mr. SMOOT. From the Committee on Finance I report favorably a nomination.

The VICE PRESIDENT. The nomination will be placed on the calendar.

Mr. SHEPPARD. Mr. President, may I ask what is the nomination which the Senator from Utah has just reported?

Mr. SMOOT. It is the nomination of Mr. Black.

The VICE PRESIDENT. The nomination will be stated.

The CHIEF CLERK. Eugene Black, of Clarksville, Tex., to be a member of the United States Board of Tax Appeals for the unexpired term of six years from June 2, 1926, vice John B. Milliken resigned.

Mr. SHEPPARD. I ask unanimous consent for the immediate consideration of the nomination.

The VICE PRESIDENT. Is there objection? The Chair hears none, and without objection the nomination is confirmed, and the President will be notified.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate sundry executive messages from the President of the United States, which were referred to the appropriate committees.

REPORTS OF POSTAL NOMINATIONS

Mr. JONES. On behalf of the Senator from Colorado [Mr. PHIPPS] I submit certain reports from the Committee on Post Offices and Post Roads for the calendar.

The VICE PRESIDENT. The nominations will go to the calendar. Are there further reports of committees; if not, the calendar is in order. The clerk will state the nominations on the calendar.

NOMINATION OF RAYMOND C. BROWN

The CHIEF CLERK. Raymond C. Brown to be Secretary of the Territory of Hawaii.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified.

NOMINATION OF PETER MICHAEL LARSON

The Chief Clerk read the nomination of Peter Michael Larson to be register of land office at Cass Lake, Minn.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified.

NOMINATION OF JOHN B. TURNER

The Chief Clerk read the nomination of John B. Turner to be captain (engineering) in the Coast Guard, to rank as such from May 7, 1929.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified.

COAST AND GEODETIC SURVEY

The Chief Clerk read the nominations of sundry officers for promotion in the Coast and Geodetic Survey.

The VICE PRESIDENT. Without objection, the nominations are confirmed, and the President will be notified.

POSTAL NOMINATIONS

Mr. JONES. I ask that the nominations of postmasters may be confirmed en bloc.

The VICE PRESIDENT. Is there objection to the confirmation of nominations of postmasters on the calendar en bloc?

The Chair hears none, and it is so ordered. The nominations are confirmed, and the President will be notified. That completes the calendar.

NAVAL NOMINATIONS

Mr. HALE. From the Committee on Naval Affairs, I report certain nominations in the Navy and Marine Corps.

The VICE PRESIDENT. The nominations will be placed on the calendar.

NOMINATION OF LOUIS E. GRAHAM

Mr. NORRIS. Mr. President, I understand that the Senator from Massachusetts [Mr. GILLETT], to whom I had delegated authority to report a nomination, is not here.

Mr. JONES. I think the Senator from Massachusetts reported the nomination; he told me that he would report it.

Mr. NORRIS. To-day?

Mr. JONES. Yes.

Mr. NORRIS. I understand that he has not been here.

Mr. SMOOT. I have not heard of it being done.

Mr. NORRIS. I think I will take the responsibility on behalf of the Judiciary Committee of reporting the nomination of Mr. Louis E. Graham to be United States attorney for the western district of Pennsylvania, and ask that it go to the calendar.

Mr. REED. Mr. President, inasmuch as the action of the committee was unanimous——

Mr. NORRIS. It was unanimous; but the Senator from Massachusetts [Mr. GILLETT] was authorized to make the report. There may be some reason why he has not done so.

Mr. REED. No; he told me——

The VICE PRESIDENT. The Senator from Massachusetts sent the nomination to the desk before he left the Senate.

Mr. NORRIS. I have no objection then.

Mr. REED. Then I ask its present consideration.

The VICE PRESIDENT. Without objection, the nomination will be confirmed, and the President notified.

(All nominations confirmed this day appear at the end of to-day's Senate proceedings.)

RECESS

Mr. JONES. As in legislative session, I move that the Senate take a recess until to-morrow morning at 10 o'clock.

The motion was agreed to; and (at 5 o'clock and 30 minutes p. m.) the Senate took a recess until to-morrow, Friday, November 1, 1929, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate October 31 (legislative day of October 30), 1929

SECRETARIES IN THE DIPLOMATIC SERVICE

Henry Carter, of Massachusetts, to be a secretary in the Diplomatic Service of the United States of America.

The following-named persons, now Foreign Service officers, unclassified, and vice consuls of career, to be also secretaries in the Diplomatic Service of the United States of America:

H. Eric Trammell, of the District of Columbia.

S. Walter Washington, of West Virginia.

FOREIGN SERVICE

CLASS 5

Henry Carter, of Massachusetts, to be a Foreign Service officer of class 5 of the United States of America.

PROMOTIONS IN THE NAVY

Capt. Thomas C. Hart to be a rear admiral in the Navy from the 1st day of October, 1929.

Lieut. Allen R. McCann to be a lieutenant commander in the Navy from the 6th day of June, 1929.

Lieut. Seabury Cook to be a lieutenant commander in the Navy from the 6th day of September, 1929.

Lieut. Charles W. Weitzel to be a lieutenant commander in the Navy from the 10th day of October, 1929.

Lieut. (Junior Grade) Charles A. Havard to be a lieutenant in the Navy from the 31st day of August, 1929.

Lieut. (Junior Grade) Harry Keeler, jr., to be a lieutenant in the Navy from the 1st day of October, 1929.

Ensign Richard K. Caines to be a lieutenant (junior grade) in the Navy, from the 4th day of June, 1928.

POSTMASTERS

CALIFORNIA

Joseph G. Petar to be postmaster at Bolinas, Calif. Office became presidential July 1, 1929.

FLORIDA

Ralph F. Blatchley to be postmaster at Dunedin, Fla., in place of E. F. Hope, resigned.

John E. Brecht to be postmaster at Fort Myers, Fla., in place of J. E. Brecht. Incumbent's commission expired January 26, 1929.

GEORGIA

George B. McIntyre to be postmaster at Ailey, Ga., in place of G. B. McIntyre. Incumbent's commission expired March 3, 1929.

Edward R. Johnson to be postmaster at Augusta, Ga., in place of J. P. Wood. Incumbent's commission expired March 3, 1929.

Olene Watson to be postmaster at Menlo, Ga., in place of Ida Hale, resigned.

Janice M. Royster to be postmaster at Nahunta, Ga. Office became presidential July 1, 1929.

Robert B. Bryan to be postmaster at Wrightsville, Ga., in place of J. H. McWhorter. Incumbent's commission expired February 27, 1929.

ILLINOIS

Mille Flickinger to be postmaster at Lenark, Ill., in place of J. F. Flickinger, deceased.

Elizabeth B. Wetmore to be postmaster at Eola, Ill. Office became presidential July 1, 1929.

Carl H. Holtz to be postmaster at Hollywood, Ill. Office became presidential July 1, 1929.

William J. Ohlhaber to be postmaster at Schiller Park, Ill. Office became presidential July 1, 1929.

IOWA

Ellsworth Fry to be postmaster at Dunkerton, Iowa, in place of F. O. Canfield, resigned.

Abner Reynolds to be postmaster at Ellsworth, Iowa, in place of O. A. Cragwick, deceased.

Wayland R. Christiansen to be postmaster at Northwood, Iowa, in place of E. K. Pitman, resigned.

KANSAS

Edward Buehler to be postmaster at Wilson, Kans., in place of H. C. Walter, removed.

KENTUCKY

Charles E. Balee to be postmaster at Trenton, Ky., in place of E. C. Stockwell, deceased.

LOUISIANA

Mildred M. Gleason to be postmaster at Belcher, La. Office became presidential July 1, 1929.

William C. Reynolds to be postmaster at Ida, La. Office became presidential July 1, 1929.

Bernard B. Franques to be postmaster at Opelousas, La., in place of G. L. Lassalle, removed.

MASSACHUSETTS

Arthur E. Sears, to be postmaster at Ashby, Mass., in place of H. F. Bingham, deceased.

MICHIGAN

Freeman G. Hall to be postmaster at Martin, Mich. Office became presidential July 1, 1929.

Florence E. Young to be postmaster at Newberry, Mich., in place of W. H. Palmer, deceased.

MINNESOTA

Frank A. Schneider to be postmaster at Lake Elmo, Minn., in place of Sam Dornfeld. Incumbent's commission expired May 5, 1928.

Louis M. Larson to be postmaster at Alberta, Minn. Office became presidential July 1, 1929.

Arthur J. Schunk to be postmaster at Minneapolis, Minn., in place of Arch Coleman, resigned.

Tollef P. Anderson to be postmaster at Thief River Falls, Minn., in place of Tolly P. Anderson; to correct name.

MISSISSIPPI

Mattie B. Patton to be postmaster at Shubuta, Miss., in place of L. B. Fairchild, removed.

Cecil D. Chadwick to be postmaster at Walnut Grove, Miss., in place of Katie Starling, removed.

MISSOURI

Rudolph J. Renneberg to be postmaster at Gray Summit, Mo. Office became presidential July 1, 1929.

NEBRASKA

Esther A. Carlson to be postmaster at Mead, Nebr., in place of J. A. Johnson, resigned.

Gordon H. Cary to be postmaster at Minatare, Nebr., in place of W. M. McDaniel, resigned.

NEW JERSEY

William L. Scheuerman, to be postmaster at Basking Ridge, N. J., in place of F. G. Anderson, declined.

NEW MEXICO

Bertha R. Yessler to be postmaster at Nara Visa, N. Mex., in place of Florence Shelpman, resigned.

NEW YORK

Charles E. Watson to be postmaster at Johnson City, N. Y., in place of F. E. Whittemore, deceased.

Roy C. Clark to be postmaster at Larchmont, N. Y., in place of G. R. Goldsmith, declined.

NORTH CAROLINA

Byron J. Luther to be postmaster at Enka, N. C. Office became presidential October 1, 1929.

OKLAHOMA

Edward Pennington to be postmaster at Commerce, Okla., in place of P. C. Merrell, resigned.

PENNSYLVANIA

William S. Levan to be postmaster at Esterly, Pa. Office became presidential July 1, 1929.

Ezra H. Ripple, jr., to be postmaster at Scranton, Pa., in place of M. W. Lowry. Incumbent's commission expired August 23, 1926.

SOUTH CAROLINA

Foster P. Lee to be postmaster at Lamar, S. C., in place of E. L. Spears, removed.

TENNESSEE

Edna R. La Fan to be postmaster at Iron City, Tenn., in place of L. M. Bromley, resigned.

Horton Fuson to be postmaster at Cumberland Gap, Tenn., in place of W. S. Brooks, resigned.

UTAH

Etta Moffitt to be postmaster at Kenilworth, Utah. Office became presidential July 1, 1929.

Erastus R. Curtis to be postmaster at Orangeville, Utah, in place of V. G. Fullmer, removed.

WEST VIRGINIA

Walter A. Sherwood to be postmaster at Flemington, W. Va., in place of Ira Greathouse, resigned.

Otto E. Kessler to be postmaster at Nitro, W. Va., in place of R. H. Harris, removed.

WISCONSIN

Almer E. Adams to be postmaster at Minong, Wis., in place of M. V. Brown, resigned.

WYOMING

Herbert E. Wise to be postmaster at Basin, Wyo., in place of O. T. Gebhart, removed.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 31 (legislative day of October 30), 1929

UNITED STATES CIRCUIT JUDGE

William M. Sparks, seventh circuit.

MEMBER OF THE UNITED STATES BOARD OF TAX APPEALS

Eugene Black.

UNITED STATES ATTORNEY

Louis Edward Graham, western district of Pennsylvania.

SECRETARY OF THE TERRITORY OF HAWAII

Raymond C. Brown.

REGISTER OF LAND OFFICE

Peter Michael Larson, Cass Lake, Minn.

COAST GUARD

John B. Turner to be captain (engineering).

COAST AND GEODETIC SURVEY

To be aide with relative rank of ensign in the Navy

Gilbert Carlton Mast.
Marshall Hudson Reese.
Fred Anderson Riddell.

To be junior hydrographic and geodetic engineer with relative rank of lieutenant (junior grade) in the Navy

Clarence Amandus Burmister.
Percy Levy Bernstein.
James Dennis Thurmond.

POSTMASTERS

ALABAMA

M. Lee Hammond, Whistler.

CALIFORNIA

Antoinette E. Williams, Merced Falls.
Hazel Hooker, Waterman.

FLORIDA

Carter T. Daves, Babson Park.
Jefferson Gaines, Bocagrande.
Adam E. Koehler, Jacksonville Beach.
Charles E. Getchell, Kelsey City.
Nellie P. Perry, Lake Jovita.
Francis C. Leavins, Ponce de Leon.
Homer T. Welch, Sarasota.
Amanda H. Richards, Wewahitchka.
Edward O. Sawyers, Zolfo Springs.

GEORGIA

Henrietta E. Butt, Buena Vista.

ILLINOIS

Louis A. Willman, Metamora.

INDIANA

Lois J. Gustafson, Chesterton.
Orville D. Evans, Oolitic.

KANSAS

Allen W. Howland, Ludell.

KENTUCKY

Rex A. O'Flynn, Utica.

MAINE

Marion L. Prescott, Hollis Center.
Louis S. Isbell, North Anson.

MARYLAND

Edgar S. Wootton, Halethorpe.

MINNESOTA

Fannie E. Christman, Monterey.

MONTANA

Joseph Rorvik, Circle.

NEBRASKA

Earl S. Brindle, Belvidere.
Bertha C. Levenburg, Madrid.

NORTH CAROLINA

Jesse T. Wilkinson, Aurora.

NORTH DAKOTA

Frances Meagher, Velva.

OKLAHOMA

John C. Ely, Canute.
Joseph A. Godown, Keyes.

PENNSYLVANIA

Kathryn K. Endy, Stony Creek Mills.
Ella J. Dunlap, West Middlesex.

RHODE ISLAND

Kenneth E. Gardiner, Warwick.

TENNESSEE

James H. Dootson, Signal Mountain.

TEXAS

Lillian L. Hodierne, Presidio.
Lee R. Grigsby, Sanderson.
Mary Featherhoff, Velasco.

WISCONSIN

Thomas D. Morris, Cambria.
Anton J. Cherney, Edgar.
Elmer S. Byers, Marion.

HOUSE OF REPRESENTATIVES

THURSDAY, *October 31, 1929*

The House met at 12 o'clock noon and was called to order by its Clerk, Hon. William Tyler Page, who read the following communication:

THE SPEAKER'S ROOM,
HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., October 31, 1929.

The CLERK OF THE HOUSE OF REPRESENTATIVES:

I hereby designate the Hon. FREDERICK R. LEHLBACH as Speaker pro tempore for this day.

NICHOLAS LONGWORTH,
Speaker House of Representatives.

Mr. LEHLBACH took the chair as Speaker pro tempore.

The SPEAKER pro tempore. The Chaplain will offer prayer.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Dear Lord, just for a moment we calmly wait. Nothing but the bread of Heaven can feed our souls, and nothing but the